

MESABI TRUST  
Form 10-K  
April 15, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended January 31, 2010**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from** \_\_\_\_\_ **to** \_\_\_\_\_

**Commission file number: 1-4488**

**MESABI TRUST**

(Exact name of registrant as specified in its charter)

**New York**  
(State or other jurisdiction of  
incorporation or organization)

**13-6022277**  
(I.R.S. Employer  
Identification No.)

**c/o Deutsche Bank Trust Company Americas**  
**Trust & Securities Services GDS**  
**60 Wall Street**  
**27th Floor**  
**New York, New York**  
(Address of principal executive offices)

**10005**  
(Zip Code)

**(615) 835-2749**

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Units of Beneficial Interest in Mesabi Trust	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. No  Yes

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. No  Yes

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes  No

\*The registrant has not yet been phased into the interactive data requirements.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company.)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). No  Yes

As of July 31, 2009, the aggregate market value of the Units of Beneficial Interest in the registrant held by non-affiliates of the registrant was \$142,269,930\* based on the closing sale price as reported on the New York Stock Exchange.

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\*Includes approximately \$108,700 representing the market value, as of July 31, 2009, of 10,000 Units of Beneficial Interest the beneficial ownership of which is disclaimed by affiliates (see Item 12 herein).

### DOCUMENTS INCORPORATED BY REFERENCE

<b>Document</b>	<b>Parts Into Which Incorporated</b>
Annual Report of the Trustees for the Fiscal Year Ended January 31, 2010 (Annual Report)	Parts I, II, and IV

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**PART I**

**ITEM 1. BUSINESS.**

(a) **General Development of Business.**

The information under the headings Trustees Discussion and Analysis of Financial Condition and Results of Operations, The Trust Estate, Leasehold Royalties, and Land Trust and Fee Royalties beginning on pages 11, 20, 25 and 28, respectively, of the Annual Report of the Trustees of Mesabi Trust for the fiscal year ended January 31, 2010 (the Annual Report ) is incorporated herein by reference.

(b) **Financial Information About Segments.**

Substantially all of the revenue, operating profits and assets of Mesabi Trust ( Mesabi Trust or the Trust ) relate to one business segment iron ore mining. The information under the heading Selected Financial Data set forth on page 10 of the Annual Report is incorporated herein by reference.

(c) **Narrative Description of Business.**

The information under the headings Trustees Discussion and Analysis of Financial Condition and Results of Operations, The Trust Estate, and Leasehold Royalties beginning on pages 11, 20 and 25, respectively, of the Annual Report is incorporated herein by reference.

(d) **Financial Information About Geographical Areas.**

All of the Trust s revenues and assets are derived from the Trust Estate. The information under the heading Selected Financial Data set forth on page 10 of the Annual Report is incorporated herein by reference.

(e) **Availability of Reports on Registrant's Website.**

The information on the cover page of the Annual Report, set forth on page 1 thereof, is incorporated herein by reference.

ITEM 1A. **RISK FACTORS.**

The information under the heading Risk Factors set forth on pages 3 through 8 of the Annual Report is incorporated herein by reference.

ITEM 1B. **UNRESOLVED STAFF COMMENTS.**

None.

ITEM 2. **PROPERTIES.**

The information under the heading The Trust Estate beginning on page 20 of the Annual Report is incorporated herein by reference.

ITEM 3.

## **LEGAL PROCEEDINGS.**



None.

ITEM 4.

## **RESERVED.**

PART II

ITEM 5.

## **MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

The information under the headings "Unallocated Reserve" and "Certificates of Beneficial Interest" set forth on pages 29 and 30, respectively, of the Annual Report is incorporated herein by reference.

ITEM 6.

## **SELECTED FINANCIAL DATA.**

The information under the heading "Selected Financial Data" set forth on page 10 of the Annual Report is incorporated herein by reference.

ITEM 7.

## **TRUSTEES' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**



The information under the headings Trustees Discussion and Analysis of Financial Condition and Results of Operations, Leasehold Royalties, Trust Expenses, and Unallocated Reserve beginning on pages 11, 25, 28 and 29, respectively, of the Annual Report is incorporated herein by reference.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

The financial statements, including the independent auditors reports thereon, filed as a part of this report, are presented on pages F-3 through F-16 and are incorporated herein by reference.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

**ITEM 9A. CONTROLS AND PROCEDURES.**



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***Evaluation of Disclosure Controls and Procedures.*** The Trust maintains a system of disclosure controls and procedures designed to ensure that information required to be disclosed by Mesabi Trust in the reports that it furnishes or files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission. Due to the pass-through nature of the Trust, the Trust's disclosure controls and

procedures include controls and procedures designed to ensure that information required to be disclosed by Mesabi Trust is accumulated and communicated by Cliffs Natural Resources Inc. ( Cliffs ) and its wholly-owned subsidiary, Northshore Mining Company ( Northshore ). In order to help ensure the accuracy and completeness of the information required to be disclosed in the Trust's periodic and annual reports, the Trust employs certified public accountants, geological consultants, and attorneys. These outside professionals advise the Trust in its review and compilation of the information in this Form 10-K and the other periodic reports filed by the Trust with the SEC.

As part of their evaluation of Mesabi Trust's disclosure controls and procedures, the Trustees rely on quarterly shipment and royalty calculations provided by Northshore and Cliffs. Because Northshore has declined to provide a written certification attesting to whether Northshore has established disclosure controls and procedures and internal controls sufficient to enable it to verify that the information furnished to the Trustees is accurate and complete, the Trustees also rely on (a) an annual certification from Northshore and Northshore's parent, Cliffs Natural Resources Inc., certifying as to the accuracy of the royalty calculations, and (b) the related due diligence review performed by the Trust's accountants. In addition, Mesabi Trust's consultants review the schedule of leasehold royalties payable and shipping and sales reports provided by Northshore against production and shipment reports prepared by Eveleth Fee Office, Inc., an independent consultant to Mesabi Trust ( Eveleth Fee Office ). Eveleth Fee Office gathers production and shipping information from Northshore and prepares monthly production and shipment reports for the Trustees. Furthermore, as part of its engagement by Mesabi Trust, Eveleth Fee Office also attends Northshore's calibration and testing of its crude ore scales and boat loader scales which are conducted on a periodic basis.

As of the end of the period covered by this report, the Trustees carried out an evaluation of Mesabi Trust's disclosure controls and procedures. The Trustees have concluded that such disclosure controls and procedures are effective.

**Trustees' Report on Internal Control over Financial Reporting.** The Trustees' Report on Internal Control over Financial Reporting is set forth on page F-2 of the Annual Report. The attestation reports of the Trust's current and former independent registered public accounting firms on their assessment of the Trust's internal control over financial reporting are set forth on pages F-3 and F-4 of the Annual Report.

**Changes in Internal Control over Financial Reporting.** To the knowledge of the Trustees, there has been no change in the Trust's internal control over financial reporting that occurred during the Trust's last fiscal quarter that has materially affected, or is likely to materially affect, the Trust's internal control over financial reporting. The Trustees note for purposes of clarification that they have no authority over, and make no statement concerning, the internal controls of Northshore.

**ITEM 9B.**

## **OTHER INFORMATION.**

At the special meeting of the Trust's Unitholders held on December 17, 2009 (the Special Meeting ), the Unitholders appointed Robert C. Berglund to serve as successor Trustee of the Trust, replacing David J. Hoffman. Of the 11,294,759 Units voting in person or by proxy at the Special Meeting, on this proposal, 11,096,581 Units (or 84.58% of the Units outstanding) voted for Mr. Berglund, with 198,178 Units (or 1.51%) withholding votes. Because the appointment of Mr. Berglund was determined to be a routine matter, and therefore subject to discretionary voting under NYSE Rule 452, there were no broker non-votes with respect to this proposal.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS  
AND CORPORATE GOVERNANCE.**

The Agreement of Trust dated July 18, 1961 (the Agreement of Trust ) provides for a Corporate Trustee and four Individual Trustees (collectively, the Trustees ). The Trust does not have, nor does the Agreement of Trust provide for officers, a board of directors or an audit committee. Generally, the Trustees continue in office until their resignation or removal. Any Trustee may be removed at any time, with or without cause, by the holders of two-thirds in interest of the Certificates of Beneficial Interest in the Trust (the Trust Certificates ) then outstanding. In the case of an Individual Trustee, a successor is appointed if the Individual Trustee dies, becomes incapable of acting or is adjudged bankrupt or insolvent. In the case of the Corporate Trustee, a successor is appointed if a receiver of the Corporate Trustee or of its property is appointed, or if any public officer takes charge or control of the Corporate Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. Successor Trustees can only be appointed by the holders of a majority in interest of the Trust Certificates then outstanding. Because such appointments are not made on a regular or periodic basis, the Trust does not have a standing nominating committee or a policy in place for the recommendation and nomination of successor Trustees.

The Trust's activities are limited to collecting income, paying expenses and liabilities, distributing net income to the holders of Trust Certificates (the Unitholders ) after the payment of, or provision for, such expenses and liabilities, and protecting and conserving the assets held. Although the Trust is not required to designate an audit committee because of an exemption from Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder, the Trustees believe that they collectively perform the functions of an audit committee. The Trustees have not designated an audit committee financial expert. The Trustees have adopted a Code of Ethics that applies to the Trustees. A copy of the Code of Ethics is incorporated by reference in Exhibit 14 of this Form 10-K.

To carry out the Trustees' duties under the Agreement of Trust, the Trustees meet on a quarterly basis to discuss information and circumstances relevant to the Trust. The Trustees also conduct telephone conferences from time to time between the quarterly meetings to address developments that require more timely attention. The Trust held four regular Trustee meetings and nine special meetings via teleconference in fiscal 2010. All of the Trustees who were then appointed were present at all of the meetings held in fiscal 2010.

In the third quarter of each year, the Trustees' meeting is typically conducted in connection with the Trustees' annual inspection trip in which they personally visit and tour Northshore's mining operations and plant facilities located near Babbitt and in Silver Bay, Minnesota, respectively. During the inspection trip, the Trustees meet with and interview Northshore personnel with respect to Northshore's current operations, changes in operations, mining plans, capital equipment and facilities.

Because Mesabi Trustees are appointed until they resign or are removed, at the time of nomination the Trustees believe that it is necessary for each Trustee to possess many qualities and skills. The present Trustees of Mesabi Trust principal occupations and directorships held with other public corporations during the past five years, or longer as material, their ages and the year first elected as a Trustee, are set forth below.

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Robert C. Berglund

Age: 63

Year Appointed as Individual Trustee: 2009

Retired Mining Engineer, Cliffs Natural Resources, Inc.

Mr. Berglund has extensive experience in the mining industry. He retired from his position as Vice President and General Manager of Northshore Mining Company in 2003 after spending thirty-five years in mining production and operations management with Cliffs. Mr. Berglund joined Cliffs after graduating from Penn State University in 1968 with a B.S. in Mining Engineering. From 1976 until 2003, Mr. Berglund worked onsite at various mines owned and operated by Cliffs across North America.

James A. Ehrenberg

Age: 67

Year Appointed as Individual Trustee: 2006

Retired Vice President, U.S. Bank, N.A.

Mr. Ehrenberg has extensive experience serving as corporate trustee. Before retiring from his position as Senior Vice President of U.S. Bank, N.A. Mr. Ehrenberg spent nearly forty years in the Corporate Trust department of U.S. Bank, N.A. and its predecessor, First Trust Company of Saint Paul. From 1983 until April 2005, Mr. Ehrenberg was directly responsible for providing corporate trustee services to the Mesabi Land Trust of which Mesabi Trust is the sole trust certificate holder.

Richard G. Lareau

Age: 81

Year Appointed as Individual Trustee: 1990

Senior Partner, Oppenheimer Wolff & Donnelly LLP

Mr. Lareau is a senior partner in the law firm of Oppenheimer Wolff & Donnelly LLP with which firm he has been associated since 1956. Through his legal work, Mr. Lareau has represented numerous clients on a wide range of issues including, corporate, trust and real estate law. Over the course of his legal career, Mr. Lareau has also served as a director on the boards of numerous publicly-traded companies. During his service as a director on the boards of publicly-traded corporations, Mr. Lareau also served as a member, and frequently as chair, of board committees, including: audit, compensation, governance, nominating, and executive.

Norman F. Sprague III, M.D.

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Age: 63

Year Appointed as Individual Trustee: 1981

Orthopedic Surgeon

Dr. Sprague, appointed as a Mesabi Trustee in 1981, is the longest serving member of the Mesabi Trustees. Dr. Sprague received a B.S. in Geology from the University of California, Santa Barbara and a M.D. from UCLA. Dr. Sprague also has investment experience as a general partner in two private investment partnerships. Dr. Sprague's nearly thirty years experience as a Trustee makes him an important part of the institutional memory of the Mesabi Trust.

The Trust believes that each of the Individual Trustees has a diversified background and extensive financial, business and industry specific expertise that make him an important resource in the oversight of the Trust's affairs. There are no family relationships among any of the Individual Trustees.

David J. Hoffman, who served as a Mesabi Trustee from 1977 until his successor was appointed at the Special Meeting of Trust Certificate Holders on December 17, 2009, retired from the Trust effective upon the appointment of Mr. Berglund.

## EXECUTIVE COMPENSATION.

### ITEM 11.

#### Compensation Discussion and Analysis

The Trust does not have a board of directors, executive officers or any employees. The compensation paid to the Trustees is governed by the Amendment to the Agreement of Trust dated October 25, 1982, as amended (the Amendment). The Trust does not use any compensation consultants.

The Amendment does not provide for any stock awards, option awards, non-equity incentive plan compensation, change in pension value, nonqualified deferred compensation earnings or any other compensation. The Trust does not have severance agreements nor does it provide post-retirement benefits to the Trustees. Accordingly, all such tables have been omitted from this Annual Report on Form 10-K.

Pursuant to the Amendment, each Individual Trustee receives at least \$20,000 in annual compensation for services as Trustee. Each year, annual Trustee compensation is adjusted up or down (but not below \$20,000) in accordance with changes from the November 1981 level of 295.5 (the 1981 Escalation Level) in the All Commodities Producer Price Index (with 1967 = 100 as a base). The All Commodities Producer Price Index is published by the U.S. Department of Labor, Bureau of Labor Statistics. The adjustment is made at the end of each fiscal year and is calculated on the basis of the proportion between (a) the level of such index for the November preceding the end of such fiscal year, and (b) the 1981 Escalation Level. Any action to modify or otherwise vary the compensation of the Individual Trustees as provided by the Amendment must be approved by the affirmative vote of 66 2/3% of the outstanding units of beneficial interest. Messrs. Ehrenberg, Lareau and Sprague, the Individual Trustees who served for the entire fiscal year, each received \$35,999 in fiscal 2010. Messrs. Berglund and Hoffman, the Individual Trustees who served for less than the entire fiscal year, received \$17,499 and \$27,496, respectively.

Under the Amendment, the Corporate Trustee receives annual compensation in an amount equal to the greater of (i) \$20,000, or such other amount determined in accordance with the adjustments described in the preceding paragraph, or (ii) one quarter of one percent (1/4 of 1%) of the trust moneys, exclusive of proceeds of sale of any part of the Trust Estate (as such terms are defined in the Agreement of Trust), received by the Trustees and distributed to Unitholders.

Additionally, each year the Corporate Trustee receives \$62,500 to cover clerical and administrative services to Mesabi Trust, other than services customarily performed by a registrar or transfer agent for which the Corporate Trustee is paid additional service fees. The Corporate Trustee earned \$88,089 in cash compensation for the fiscal year ended January 31, 2010. The Corporate Trustee also received \$9,974 for its services as registrar and transfer agent for the year ended January 31, 2010. The Corporate Trustee earned \$98,063 in total compensation for the fiscal year



ended January 31, 2010.

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Under the Amendment, the Individual Trustees may, in extraordinary circumstances, pay additional compensation to the Corporate Trustee. The decision to pay such compensation must be unanimously approved by the Individual Trustees. The Corporate Trustee did not receive any compensation for extraordinary services with respect to the year ended January 31, 2010.

### Trustees Compensation Report

The Trustees have not designated a compensation committee and are not required to do so by applicable law or regulation. The Trustees, as a group, have reviewed and discussed the Compensation Discussion and Analysis ( CD&A ) and based on such review and discussion have recommended that the CD&A be included in this Annual Report on Form 10-K.

#### MESABI TRUST

Deutsche Bank Trust Company Americas  
Robert C. Berglund  
James A. Ehrenberg  
Richard G. Lareau  
Norman F. Sprague III

### Trustee Compensation

#### Summary Compensation Table

The table below summarizes the total compensation earned by each of the Individual Trustees and the Corporate Trustee in the fiscal year ended January 31, 2010.

Name	Trustee Fees Earned (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Deutsche Bank Trust Company Americas, Corporate Trustee	\$ 88,089	N/A	N/A	N/A	N/A	\$ 9,974(1)	\$ 98,063
Robert C. Berglund	\$ 17,499(2)	N/A	N/A	N/A	N/A	N/A	\$ 17,499
James A. Ehrenberg	\$ 35,999	N/A	N/A	N/A	N/A	N/A	\$ 35,999
David J. Hoffman	\$ 27,496(2)	N/A	N/A	N/A	N/A	N/A	\$ 27,496
Richard G. Lareau	\$ 35,999	N/A	N/A	N/A	N/A	N/A	\$ 35,999

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Norman F. Sprague									
III	\$	35,999	N/A	N/A	N/A	N/A	N/A	\$	35,999

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(1) Represents fees and disbursements paid to Deutsche Bank Trust Company Americas for its services as registrar and transfer agent of the Units.

(2) Pursuant to the Agreement of Trust, each Individual Trustee is paid compensation on a quarterly basis for service during each fiscal year. To the extent that an Individual Trustee serves during any quarter in a fiscal year, he receives compensation for service during the quarters of the fiscal year that such Individual Trustee was in office.

ITEM 12.

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND TRUSTEES.**



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The following table sets forth information concerning each person known to Mesabi Trust to own beneficially more than 5% of the Trust's Units outstanding as of April 2, 2010. Such information has been obtained from Mesabi Trust's records and a review of statements of beneficial ownership filed with Mesabi Trust pursuant to Rule 13d-102 under the Securities Exchange Act of 1934, as amended, through April 2, 2010.

Name and Address of Beneficial Owner(s)	Amount of Beneficial Ownership of Units	Percent of Class
Donald W. Hodges, First Dallas Holdings, Inc., a Texas corporation, First Dallas Securities, Inc., a Texas corporation, Hodges Capital Management, Inc., a Texas corporation, Hodges Fund, a Massachusetts business trust, and Hodges Small Cap Fund, a Massachusetts business trust, 2905 Maple Ave, Dallas, Texas 75201	725,150(1)	5.5%

(1) According to a Schedule 13G dated February 13, 2009, First Dallas Holdings, Inc., which is a holding company and parent company of First Dallas Securities, Inc., Hodges Capital Management, Inc., Hodges Fund, and Hodges Small Cap Fund, has shared voting power with respect to 386,000 Units and shared dispositive power with respect to 725,150 Units. Dallas Holdings, Inc., First Dallas Securities, Inc., Hodges Capital Management, Inc., Hodges Fund, and Hodges Small Cap Fund are all identified as part of a group. First Dallas Securities, Inc., a broker dealer and investment adviser, has shared dispositive power with respect to 119,119 Units. Hodges Capital Management, Inc., an investment adviser, has shared voting power with respect to 375,000 Units and shared dispositive power with respect to 595,031 Units. Hodges Fund, an investment company, has shared voting power with respect to 375,000 Units and shared dispositive power with respect to 595,031 Units. Hodges Fund, an investment company, has shared voting power with respect to 375,000 Units and shared dispositive power with respect to 375,000 Units. Donald W. Hodges is a reporting person with respect to First Dallas Holdings, Inc.

The table below sets forth information as to the Units of Beneficial Interest in Mesabi Trust beneficially owned as of April 2, 2010 by the Trustees individually and as a group. Except as otherwise indicated and subject to applicable community property laws, each Trustee has sole voting and investment powers with respect to the securities listed. There were no Certificates of Beneficial Interest of Mesabi Trust owned or pledged by the Trustees as of January 31, 2010.

Name	Amount of Beneficial Ownership of Units	Percent of Class
Deutsche Bank Trust Company Americas	0	0
Robert C. Berglund	2,000	**
James A. Ehrenberg	3,000	**
Richard G. Lareau	24,000(1)	**
Norman F. Sprague III	12,700	**
All trustees as a group	41,700	**

\*\* Less than 1%

(1) Includes 10,000 Units owned by Mr. Lareau's wife, over which Mr. Lareau does not have any investment or voting power and as to which Mr. Lareau disclaims any beneficial ownership.

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The Trust does not have any compensation plans under which securities of the Trust are authorized for issuance.

ITEM 13.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.**

Mr. Richard G. Lareau, who became a Trustee on March 7, 1990, is a senior partner in the law firm of Oppenheimer Wolff & Donnelly LLP, of Minneapolis, Minnesota. That firm has been retained by Mesabi Trust since 1961 to act with respect to matters of Minnesota law, and was retained in 1991 by the Trustees other than Mr. Lareau to act as general legal counsel. Mesabi Trust paid Oppenheimer Wolff & Donnelly LLP ( Oppenheimer ) fees totaling \$224,796 for legal services provided to the Trust during the fiscal year ended January 31, 2010 compared with fees totaling \$219,329 for legal services provided to the Trust during fiscal year ended January 31, 2009. Please see the disclosure under the heading Trust Expenses beginning on page 28 of the Annual Report for additional information regarding the fees paid to Oppenheimer for the Trust's legal expenses.

### **Related Person Transaction Policy**

During the fiscal year ended January 31, 2010, the Trustees met on a quarterly basis and reviewed and approved or ratified certain transactions that occurred during the prior fiscal quarter. In connection with their review of the Trust's transactions, the Trustees consider whether there have been any related person transactions. In determining whether to approve a related person transaction, the Trustees consider the following factors, in addition to any other factors they deem necessary or appropriate:

- whether the transaction is expressly permitted by the Trust indenture;
- whether the terms are fair to the Trust;
- whether the transaction is material to the Trust;
- the role of the related person in arranging the related person transaction;
- the structure of the related person transaction; and
- the interests of all related persons in the related person transaction.



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The Trust maintains a written related person transaction approval policy, which sets forth the Trust's policies and procedures for the review, approval or ratification of any transaction required to be reported in Mesabi Trust's filings with the Securities and Exchange Commission. The policy applies to any financial transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships in which Mesabi Trust is a participant and in which a related person has a direct or indirect interest.

Certain types of transactions, which would otherwise require review, are pre-approved by the Trustees in accordance with the policy. These types of transactions include, for example, (i) transactions, which when aggregated with the amount of all other transactions between the related person and the Trust, involve less than \$120,000 in a fiscal year; (ii) transactions where the interest of the related person arises only by way of a directorship or minority stake in another organization that is a party to the transaction; (iii) transactions with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; and (iv) a transaction that is specifically contemplated by provisions of the Trust's indenture.

Based on their review of the Trust's transactions during the fiscal year ended January 31, 2010, the Trustees concluded that there were no related person transactions required to be disclosed in this Annual Report on Form 10-K.

#### **Pass-Through Royalty Trust Exemptions**

Because of its legal structure and character as a pass-through royalty trust, the Trust is exempt from Rule 10A-3 of the Securities Exchange Act and the Corporate Governance Standards set forth in Section 303A of the New York Stock Exchange's Listed Company Manual.

ITEM 14.

## **PRINCIPAL ACCOUNTANT FEES AND SERVICES.**

On October 17, 2008, the Trust announced that Gordon, Hughes & Banks, LLP ( GH&B ), had resigned as the Trust's independent registered public accounting firm as a result of GH&B entering into an agreement with Eide Bailly, LLP ( Eide Bailly ), pursuant to which Eide Bailly acquired the operations of GH&B. Mesabi Trust engaged Wipfli LLP ( Wipfli ), on October 17, 2008, as its principal independent registered public accountant to audit Mesabi Trust's financial statements.

(a) **Audit Fees.**

The aggregate fees paid for professional services rendered by GH&B for the audit of the Trust's annual financial statements, the Trustees' assessment of internal control over financial reporting for fiscal 2008 and review of the financial statements included in the Trust's quarterly reports on Form 10-Q for fiscal 2009 were \$41,866.

The aggregate fees paid during fiscal 2010 for professional services rendered by Wipfli for the audit of the Trust's annual financial statements, the audit of the Trustees' assessment of internal control over financial reporting and review of the financial statements included in the Trust's quarterly reports on Form 10-Q were \$52,660, which amount excludes fees incurred by the Trust for professional services rendered by Wipfli after January 31, 2010 and not yet billed to the Trust.

The aggregate fees paid during fiscal 2009 for professional services rendered by Wipfli for the audit of the Trust's annual financial statements, the audit of the Trustees' assessment of internal control over financial reporting and review of the financial statements included in the Trust's quarterly reports on Form 10-Q were \$4,877, which amount excludes fees incurred by the Trust for professional services rendered by Wipfli after January 31, 2009 and not yet billed to the Trust.

(b) **Audit-Related Fees.**

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No fees were paid to Wipfli or GH&B for assurance and related services that were not reasonably related to the performance of the audit or review of the Trust's financial statements for fiscal 2010 or fiscal 2009.

(c) **Tax Fees.**

No fees were paid to Wipfli or GH&B for tax compliance, tax advice and tax planning for Mesabi Trust for fiscal 2010 or fiscal 2009.

(d) **All Other Fees.**

No other fees were paid to Wipfli or GH&B for services provided to Mesabi Trust, other than those described in item (a), for fiscal 2010 or fiscal 2009.

Before the independent auditor is engaged to perform audit and review services for the Trust, the Trustees approve the engagements.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

**(a) 1. Financial Statements:**

The following Financial Statements are incorporated in this Report by reference from the following pages of the Annual Report:

Reports of Independent Registered Public Accounting Firms	Page F-3 and F-4
Balance Sheets as of January 31, 2010 and 2009	Page F-5
Statements of Income for the years ended January 31, 2010, 2009, and 2008	Page F-6
Statements of Unallocated Reserve and Trust Corpus for the years ended January 31, 2010, 2009, and 2008	Page F-7
Statements of Cash Flows for the years ended January 31, 2010, 2009, and 2008	Page F-8
Notes to Financial Statements	Pages F-9 - F-16

**(a) 3. Exhibits:**

<b>Item No.</b>	<b>Item</b>	<b>Filing Method</b>
3	Agreement of Trust dated as of July 18, 1961	Incorporated by reference from Exhibit 3 to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
3(a)	Amendment to the Agreement of Trust dated as of October 25, 1982	Incorporated by reference from Exhibit 3(a) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1988.
4	Instruments defining the rights of Trust Certificate Holders	Incorporated by reference from Exhibit 4 to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
10(a)	Peters Lease	Incorporated by reference from Exhibits 10(a) - 10(d) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
10(b)	Amendment of Assignment of Peters Lease	Incorporated by reference from Exhibits 10(a) - 10(d) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
10(c)	Cloquet Lease	Incorporated by reference from Exhibits 10(a) - 10(d) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
10(d)	Assignment of Cloquet Lease	Incorporated by reference from Exhibits 10(a) - 10(d) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1987.
10(e)	Modification of Lease and Consent to Assignment dated as of October 22, 1982	Incorporated by reference from Exhibit 10(e) to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 1988.

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Item No.	Item	Filing Method
10(f)	Amendment of Assignment, Assumption and Further Assignment of Peters Lease	Incorporated by reference from Exhibit A to Mesabi Trust's Report on Form 8-K dated August 17, 1989.
10(g)	Amendment of Assignment, Assumption and Further Assignments of Cloquet Lease	Incorporated by reference from Exhibit B to Mesabi Trust's Report on Form 8-K dated August 17, 1989.
10(h)	Summary Description of Trustees Compensation	Filed herewith.
13	Annual Report of the Trustees of Mesabi Trust for the fiscal year ended January 31, 2010	Filed herewith.
14	Trustees Code of Ethics	Incorporated by reference from Exhibit 13 to Mesabi Trust's Annual Report on Form 10-K for the fiscal year ended January 31, 2004.
31	Certification of Corporate Trustee of Mesabi Trust pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
32	Certification of Corporate Trustee of Mesabi Trust pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 15, 2010

**MESABI TRUST**

By: DEUTSCHE BANK TRUST COMPANY AMERICAS  
Corporate Trustee

Principal Administrative Officer and duly authorized signatory:\*

By: Deutsche Bank National Trust Company

By: /s/ Kenneth R. Ring  
Kenneth R. Ring  
Vice President

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\* There are no principal executive officers or principal financial officers of the registrant.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Robert C. Berglund  
Robert C. Berglund  
Individual Trustee  
April 15, 2010

/s/ James A. Ehrenberg  
James A. Ehrenberg  
Individual Trustee  
April 15, 2010

/s/ Richard G. Lareau  
Richard G. Lareau  
Individual Trustee  
April 15, 2010

/s/ Kenneth R. Ring  
Kenneth R. Ring  
Vice President  
Deutsche Bank Trust Company Americas  
April 15, 2010

/s/ Norman F. Sprague III  
Norman F. Sprague III  
April 15, 2010



Individual Trustee

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Insurer. No coverage is provided for fees and expenses incurred prior to the time such notice results

in a Claim.

All notices under any provision of this Policy shall be in writing and given by prepaid express courier, certified mail or fax properly addressed to the appropriate party. Notice to the Insureds may be given to the Parent

Company at the address as shown in Item 1 of the Declarations. Notice to the Insurer of any Claim, Wrongful

Act or Loss shall be given to the Insurer at the address set forth in Item 6(A) of the Declarations. All other

notices to the Insurer under this Policy shall be given to the Insurer at the address set forth in Item 6(B) of the

Declarations. Notice given as described above shall be deemed to be received and effective upon actual

receipt thereof by the addressee or one day following the date such notice is sent, whichever is earlier.

Any notice to the Insurer of any Claim, Wrongful Act or Loss shall designate the Coverage Part(s) under which

the notice is being given and shall be treated as notice under only the Coverage Part(s) so designated.

7

DEFENSE AND SETTLEMENT

Subject to this Subsection 7, it shall be the duty of the Insureds and not the duty of the Insurer to defend any

Claim.

The Insureds agree not to settle or offer to settle any Claim, incur any Defense Costs or otherwise assume any contractual obligation or admit any liability with respect to any Claim without the Insurer's written consent. The Insurer shall not be liable for any settlement, Defense Costs, assumed obligation or admission to which it has not consented. The Insureds shall promptly send to the Insurer all settlement demands or offers received by the Insureds from the claimant(s). However, if the Insureds are able to settle all Claims which are subject to a single Retention for an aggregate amount, including Defense Costs, not exceeding such Retention., the Insurer's consent shall not be required for the settlement of such Claims.

With respect to any Claim submitted for coverage under this Policy, the Insurer shall have the right and shall be given the opportunity to effectively associate with, and shall be consulted in advance by, the Insureds

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regarding (1)  
the selection of  
appropriate  
defense  
counsel, (2)  
substantive  
defense  
strategies,  
including  
without  
limitation  
decisions  
regarding the  
filing and  
content of  
substantive  
motions, and  
(3) settlement  
negotiations.

The Insureds  
agree to provide  
the Insurer with  
all information,  
assistance and  
cooperation  
which the  
Insurer  
reasonably  
requests and  
agree that in the  
event of a  
Claim or Loss  
the Insureds  
will do nothing  
that shall  
prejudice the  
Insurer's  
position or its  
potential or  
actual rights of  
recovery. The  
Insurer may  
make any  
investigation it  
deems  
necessary.

Subject to Subsection 8 of these General Conditions and Limitations, the Insurer shall advance on behalf of the Insureds covered Defense Costs which the Insureds have incurred in connection with Claims made against them, prior to disposition of such Claims, provided that to the extent it is finally established that any such Defense Costs are not covered under this Policy, the Insureds, severally according to their interests, agree to repay the Insurer such Defense Costs.

The Insurer and the Insureds shall not unreasonably withhold any consent referenced in this Subsection 7.

#### 8. ALLOCATION

If in any Claim under a

Liability Coverage Part the Insureds who are afforded coverage for such Claim incur Loss jointly with others (including Insureds) who are not afforded coverage for such Claim, or incur an amount consisting of both Loss covered by this Policy and loss not covered by this Policy because such Claim includes both covered and uncovered matters, then the Insureds and the Insurer shall allocate such amount between covered Loss and uncovered loss based upon the relative legal exposures of the parties to covered and uncovered matters.

If there can be an agreement on an allocation of Defense Costs, the Insurer shall advance on a current basis

Defense Costs  
allocated to  
covered Loss. If  
there can be no  
agreement on  
an allocation of  
Defense Costs,  
the Insurer shall  
advance on a  
current basis  
Defense Costs  
which the  
Insurer believes  
to be covered  
under

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this Policy until a different allocation is negotiated, arbitrated or judicially determined. Any advancement of Defense Costs shall be subject to, and conditioned upon receipt by the Insurer of, a written undertaking by the Insureds that such advanced amounts shall be repaid to the Insurer by the Insureds severally according to their respective interests if and to the extent the Insureds shall not be entitled under the terms and conditions of this Policy to coverage for such Defense Costs.

Any negotiated, arbitrated or judicially determined allocation of Defense Costs on account of a Claim shall be applied retroactively to all Defense Costs on account of such Claim, notwithstanding any prior advancement to the contrary. Any allocation or advancement of Defense Costs on account of a Claim shall not apply to or create any presumption with respect to the allocation of other Loss on account of such Claim or any other Claim.

9 . OTHER INSURANCE

If any Loss under this Policy is insured under any other valid and collectible policy(ies), prior or current, then this Policy shall cover such Loss, subject to its limitations, conditions, provisions and other terms, only to the extent that the amount of such Loss is in excess of the amount of such other insurance whether such other insurance is stated to be primary, contributory, excess, contingent or otherwise, unless such other insurance is written only as specific excess insurance over the Limits of Liability provided in this Policy.

10 . TRANSACTIONS CHANGING COVERAGE

a. Acquisition or Creation of Another Organization or Plan

If, during the Policy Period, the Company:

- i. acquires voting securities in another organization or creates another organization, which as a result of such acquisition or creation becomes a Subsidiary;
- ii. acquires any organization by merger into or consolidation with the Company; or
- iii. with respect to the Fiduciary Liability Coverage Part if purchased, creates a Plan,

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then, subject to all terms and conditions of this Policy, such organization, Plan and its Insureds shall be covered under this Policy but only with respect to covered Wrongful Acts (under a Liability

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Coverage Part) taking place or covered Loss (under the Commercial Crime or Bond Coverage Part, if purchased) sustained after such acquisition or creation unless the Insurer agrees to provide coverage by endorsement for Wrongful Acts taking place or Loss sustained prior to such acquisition or creation.

If the total assets of such acquired organization as reflected in the organization's then most recent consolidated financial statements exceeds twenty-five percent (25%) of the total assets of the Parent Company as reflected in the Parent Company's then most recent consolidated financial statements, the Parent Company, as a condition precedent to coverage with respect to such Insureds, shall give written notice of such acquisition or creation to the Insurer as soon as practicable and shall pay any reasonable additional premium required by the Insurer.

b. Acquisition of Parent Company

If, during the Policy Period, any of the following events occurs:

i. the acquisition of the Parent Company, or of all or substantially all of its assets, by another entity, or the merger or consolidation of the Parent Company into or with another entity such that the Parent Company is not the surviving entity; or

ii. the obtaining by any person, entity or affiliated group of persons or entities of the right to elect, appoint or designate at least fifty percent (50%) of the directors of the Parent Company;

then coverage under this Policy will continue in full force and effect until termination of this Policy, but

only with respect to Claims for covered Wrongful Acts (under a Liability Coverage Part) taking place or covered Loss (under the Commercial Crime or Bond Coverage Part, if purchased) sustained before

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such event. Coverage under this Policy will cease as of the effective date of such event with respect to Claims for Wrongful Acts (under a Liability Coverage Part) taking place and Loss (under the Commercial Crime or Bond Coverage Part, if purchased) sustained after such event.

If such event occurs, the Insureds shall have the right, upon payment of the additional premium described below, to an extension of the coverage described in the preceding paragraph for either a 1 year, 3 year, or 6 year Discovery Period following the termination of the Policy Period; but the Insurer may, in its sole discretion and subject to any additional terms, conditions and premiums required by the Insurer, agree by written endorsement to this Policy to any other Discovery Period requested by the Insureds. This extension of coverage shall apply to those Coverage Parts with respect to which the Insureds elect the coverage extension. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is given by the Insureds to the Insurer within forty-five (45) days following the effective date of such event.

Upon request from any Insured, the Insurer shall notify such Insured of the additional premium amount for this extension of coverage.

The Insureds shall not be entitled to elect this extension of coverage if a Discovery Period is elected pursuant to Subsection 4 of these General Conditions and Limitations.

c. Cessation of Subsidiaries

If before or during the Policy Period an organization ceases to be a Subsidiary, coverage with respect to such Subsidiary and its Insureds shall continue until termination of this Policy. Such coverage continuation shall apply only with respect to Claims for covered Wrongful Acts (under a Liability Coverage Part) taking place and covered Loss (under the Commercial Crime or Bond Coverage Part, if purchased) sustained prior to the date such organization ceased to be a Subsidiary.

d. Termination of Plan

If before or during the Policy Period a Plan is terminated, coverage with respect to such Plan and its Insureds under the Fiduciary Liability Coverage Part (if purchased) shall continue until termination of this Policy. Such coverage continuation shall apply with respect to Claims for Wrongful Acts taking

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place prior to or after the date the Plan was terminated.

#### 11. REPRESENTATIONS AND SEVERABILITY

The Insureds represent and acknowledge that the statements contained in the Application and any materials submitted or required to be submitted therewith (all of which shall be maintained on file by the Insurer and be deemed attached to and incorporated into this Policy as if physically attached), are true and: (i) are the basis of this Policy and are to be considered as incorporated into and constituting a part of this Policy; and (ii) shall be deemed material to the acceptance of this risk or the hazard assumed by the Insurer under this Policy. This Policy is issued in reliance upon the truth of such representations.

In the event the Application, including materials submitted or required to be submitted therewith, contains any misrepresentation or omission:

- a. made with the intent to deceive, or
- b. which materially affects either the acceptance of the risk or the hazard assumed by the Insurer under this Policy;

this Policy shall be void ab initio as to (i) any Company and any Plan if any Executive Officer knew the facts that were not truthfully disclosed in the Applications, and (ii) any Insured Persons who knew the facts that were not truthfully disclosed in the Application, whether or not such Executive Officer or Insured Person knew the Application contained such misrepresentation or omission. Such knowledge shall not be imputed to any other Insured Persons.

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## 12. TERMINATION OF POLICY

This Policy shall terminate at the earliest of the following times:

- a. the effective date of termination specified in a prior written notice by the Parent Company to the Insurer, provided this Policy may not be terminated by the Parent Company (i) after the effective date of an event described in Subsection 10(b) of these General Conditions and Limitations, or (ii) if the Policy Period is longer than one (1) year;
- b. upon expiration of the Policy Period as set forth in Item 2(A) of the Declarations;
- c. twenty (20) days after receipt by the Parent Company of a written notice of termination from the Insurer for failure to pay a premium when due, unless the premium is paid within such twenty (20) days period; or
- d. at such other time as may be agreed upon by the Insurer and the Parent Company.

The Insurer may not terminate this Policy prior to expiration of the Policy Period, except as provided above for non-payment of a premium. The Insurer shall refund the unearned premium computed pro rata. Payment or tender of any unearned premium by the Insurer shall not be a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

## 13. TERRITORY AND VALUATION

All premiums, limits, retentions, Loss and other amounts under this Policy are expressed and payable in the currency of the United States of America. If judgment is rendered, settlement is denominated or another element of Loss under any Liability Coverage Part is stated in a currency other than United States of America dollars, payment under this Policy shall be made in United States dollars at the rate of exchange as of 12:01 A.M. on the date the final judgment is reached, the amount of the settlement is agreed upon or the other element of Loss is due, respectively.

Coverage under this Policy shall extend to Wrongful Acts taking place or Claims made or Loss sustained anywhere in the world.

## 14. SUBROGATION

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In the event of any payment under this Policy, the Insurer shall be subrogated to the extent of such payment to all the Insureds' rights of recovery, including without limitation the Insured Persons' rights to indemnification or advancement from the Company. The Insureds shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Insurer effectively to bring suit or otherwise pursue subrogation rights in the name of the Insureds.

**ACTION  
15. AGAINST THE  
INSURER**

No action shall lie against the Insurer unless, as a condition precedent thereto, there shall have been full compliance with all the terms of this Policy. No person or organization shall have any right under this Policy to

join the Insurer as a party to any action against Insureds to determine the Insured's liability nor shall the Insurer be impleaded by the Insureds or their legal representatives. Bankruptcy or insolvency of an Insured or of the estate of any Insured Person shall not relieve the Insurer of its obligations nor deprive the Insurer of its rights or defenses under this Policy.

16. AUTHORIZATION  
CLAUSE

By acceptance of this Policy, the Parent Company agrees to act on behalf of the Insureds with respect to the giving and receiving of notice of Claim or Loss or termination, the payment of premiums and the receiving of any return premiums that may become due under this Policy, the agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for

in this Policy  
(except the giving  
of notice  
to apply for the  
Discovery Period),  
and the Insureds  
agree that the Parent  
Company shall act  
on their behalf.

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#### 17. ALTERATION, ASSIGNMENT AND HEADINGS

No change in, modification of, or assignment of interest under this Policy shall be effective except when made by a written endorsement to this Policy which is signed by an authorized representative of the Insurer.

The titles and headings to the various parts, sections, subsections and endorsements of the Policy are included solely for ease of reference and do not in any way limit, expand or otherwise affect the provisions of such parts, sections, subsections or endorsements.

#### 18. ARBITRATION

Only if requested by the Insureds, the Insurer shall submit any dispute, controversy or claim arising out of or relating to this Policy or the breach, termination or invalidity thereof to final and binding arbitration pursuant to such rules and procedures as the parties may agree. If the parties cannot so agree, the arbitration shall be administered by the American Arbitration Association in accordance with its then prevailing commercial arbitration rules. The arbitration panel shall consist of one arbitrator selected by the Insureds, one arbitrator selected by the Insurer, and a third independent arbitrator selected by the first two arbitrators. In any such arbitration, each party will bear its own legal fees and expenses.

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PF-17914a (04/16) – U.S.  
Treasury Department’s Office of  
Foreign Assets Control (“OFAC”)  
Advisory Notice

Item 4. Effective Date: 12/11/2018

Item 5. Aggregate Limit of Liability:  
\$6,000,000 for all Loss in  
Limit Period under all Insuring  
Clauses combined.

Date: 12/14/2018

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Investment Company Bond

Coverage Part

I. INSURING CLAUSES

The Insurer agrees with the Insured, that in accordance with the Insuring Clauses for which coverage is granted in

Item 1 of the Declarations, and subject to all terms, Definitions, Exclusions and Conditions of this Investment Company Bond Coverage Part, to indemnify the Insured for:

A. Employee Dishonesty

Loss resulting directly from dishonest or fraudulent acts by an Employee acting alone or in collusion with others, which acts were committed by the Employee with the intent to cause the Insured to sustain the loss or to obtain an Improper Personal Gain.

B. Employee Dishonesty - Employee Benefit Plan

Loss of funds or other property intended to be used by an Employee Benefit Plan to pay benefits resulting directly from dishonest or fraudulent acts committed by an Employee or plan fiduciary (as defined in ERISA) while handling those funds or property.

C. Property

Loss of Property resulting directly from Theft, False Pretense, misplacement, mysterious unexplainable disappearance, physical damage thereto or destruction thereof, wherever situated including in transit.

D. Financial Documents

Loss resulting directly from the Insured having in good faith:

- a. relied on a Forgery or Alteration;
- b. relied on an Original Financial Document that was, at the time the Insured acted upon it, lost or stolen;
- c. relied on a Financial Document that was a Counterfeit; or
- d. guaranteed in writing or witnessed any endorsement or signature on an assignment, bill of sale, guarantee, or power of attorney which transferred a Financial Document or uncertificated security.

Actual physical possession, and continued actual physical possession if taken as collateral, of the Financial Document by:

- (1) the Insured or its authorized custodial agent, or
- (2) a financial institution, or its authorized custodial agent to which (a) the Insured sold, in whole or in part, a loan for which the Financial Document represents collateral, and (b) the Insured remains liable to repurchase the loan pursuant to a written contract.

is a condition precedent to the Insured having relied on a Financial Document.

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E. Defective Signatures

Loss resulting directly from the Insured having in good faith, in connection with any loan, relied on any:

- a. deed conveying real property;
  - b. mortgage, deed of trust, or like instrument, pertaining to real property;
  - or
  - c. assignment of such instruments
- which is defective because the signature of any person thereon was obtained through trick, artifice, fraud or false pretenses.

F. Servicing Contractors

Loss resulting directly from dishonest or fraudulent acts committed by any Servicing Contractor, if the acts:

- a. were committed with the intent to:
  - (1) cause the Insured to sustain that loss; and
  - (2) obtain an Improper Personal Gain for the Servicing Contractor, and
- b. resulted in an Improper Personal Gain for the Servicing Contractor.

G. Computer Fraud/Fraudulent Funds Transfer

Loss resulting directly from the Insured having in good faith transferred funds or Property or otherwise given value because of:

- a. the fraudulent modification or destruction of Electronic Data or Electronic Computer Instructions, including that caused by Computer Virus, (1) within a Computer System operated by the Insured; or (2) while being electronically transmitted through communication lines, including satellite links, from a Computer System operated by the Insured to a Computer System operated by a customer while the Insured is acting as a Service Bureau for that customer, if the fraudulent acts were committed by a person with the intent to obtain an improper financial benefit;
- b. the fraudulent preparation or modification of Electronic Computer Instructions by a person with the intent to cause the loss to the Insured and to obtain an improper financial benefit;
- c. The fraudulent entry of data into a Computer System or Communications Terminal operated by the Insured or an Electronic Communication Customer, but which data was not in fact sent by the Insured or the Electronic Communication Customer, or which data were fraudulently modified during transit (physical or electronic) between Computer Systems or Communications Terminals;
- d. a fraudulent voice initiated funds transfer instruction, directed to the Insured by telephone from or

purportedly from an Electronic Communication Customer, if the instruction was not made by or at the direction of a person who is authorized to initiate a transfer according to the written agreement between Insured and the Electronic Communication Customer and the instruction was Tested; or  
e. a fraudulent communication by Fax or other Tested written communication sent or apparently sent

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between the Insured and an Electronic Communication Customer if the communication was either not sent by the Insured or the Electronic Communication Customer, or it was fraudulently modified during transit between the Insured and the Electronic Communication Customer.

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#### H. Claims Expense

Necessary and reasonable professional fees and expenses incurred and paid by the Insured, with prior approval of the Insurer, to determine the existence, amount and extent of a loss in excess of the retention if the loss is in fact covered under any other Insuring Clause of this Investment Company Bond Coverage Part.

#### I. Stop Payment Order Liability

Loss which the Insured is legally obligated to pay and pays to a customer resulting directly from:

- a. compliance with or failure to comply with the request of the customer, or an authorized agent of the customer, to stop payment on any draft made or drawn upon or against the Insured by the customer or by an authorized agent of the customer; or
- b. refusal to pay any draft made or drawn upon or against the Insured by the customer or by an authorized agent of the customer.

#### J. Uncollectible Items of Deposit

Loss resulting from payments of dividends or fund shares, or withdrawals permitted from any customer's, shareholder's or subscriber's account based upon Uncollectible Items of Deposit of a customer, shareholder or subscriber credited by the Insured or the Insured's agent to such customer's shareholder's or subscriber's Mutual Fund Account; or

Loss resulting from any Item of Deposit processed through an Automated Clearing House which is reversed by the customer, shareholder or subscriber and deemed uncollectible by the Insured.

Loss includes dividends and interest accrued not to exceed 15% of the Uncollectible Items which are deposited.

This Insuring Clause applies to all Mutual Funds with "exchange privileges" if all Funds in the exchange

Regardless of the number of



program are insured by the Insurer for  
Uncollectible Items of Deposit.  
transactions between Funds, the minimum number of days of deposit  
within the Funds before withdrawal as  
declared in the Funds prospectus shall begin from the date a deposit was  
first credited to any Insured Fund.

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K. Unauthorized Signatures

Loss resulting directly from the Insured having accepted, paid or cashed any check, withdrawal order or draft, made or drawn on a customer's account which bears the signature or endorsement of one other than a person whose name and signature is on the application on file with the Insured as a signatory of such account.

It shall be a condition precedent to the Insured's right to recovery under this Insuring Clause that the Insured shall have on file signatures of all persons who are authorized signatories on such account.

## II. DEFINITIONS

For purposes of coverage under this Investment Company Bond Coverage Part:

A. Alteration means material modification of an Original Financial Document for a fraudulent purpose by a person other than the person who prepared the Original Financial Document.

B. Automated Clearing House means any corporation or association which operates an electronic clearing and transfer mechanism for the transfer of preauthorized recurring debits and credits between financial institutions on behalf of the

financial  
institutions'  
customers.

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- C. Central Depository means any clearing corporation, including any Federal Reserve Bank of the United States, where as the direct result of an electronic clearing and transfer mechanism entries are made on the books reducing the account of the transferor, pledgor or pledgee and increasing the account of the transferee, pledgee or pledgor by the amount of the obligation or the number of shares or rights transferred, pledged or released.
- D. Computer System means computers with related peripheral components, including storage components wherever located; systems and applications software; terminal devices; and related local or wide area communication networks, but not the Internet; by which data are electronically collected, transmitted, processed, stored and retrieved.
- E. Communications Terminal means any teletype, teleprinter or video display terminal or similar device capable of sending or receiving information electronically and equipped with a keyboard.
- F. Computer Virus means a set of unauthorized instructions, programmatic or otherwise, that propagate themselves through a Computer System operated by the Insured and which were maliciously introduced into the system by a person other than by an identifiable Employee.
- G. Counterfeit means:
- a. with respect to certificated securities: an imitation which is intended to deceive, and resembles or apparently intends to resemble or to be taken as the original; or
  - b. with respect to other Financial Documents: an imitation which is intended to deceive, and to be taken as the original.
- H. Electronic Communication means any communication initiated through a Computer System, a Fax, Telex, TWX and any other electronically transmitted communication.
- I. Electronic Communication Customer means:
- a. a natural person or entity authorized by written agreement with the Insured to initiate funds transfer by Fax or other Electronic Communication or by telephone;
  - b. an Automated Clearing House;
-

c. an office of the Insured;

d. a financial institution; and

e. a Central Depository handling Electronic Securities.

J. Electronic Communication System means electronic communication operations by Fedwire, Clearing House Inter bank Payment System (CHIPS), Society for Worldwide Interbank Financial Telecommunication (SWIFT), Clearing House Automated Payment System (CHAPS), an Automated Clearing House Association which is a member of the National Automated Clearing House Association and similar automated communication systems in use by the Insured.

K. Electronic Computer Instructions means computer programs, for example, facts or statements converted to a form usable in a Computer System to act upon Electronic Data.

L. Electronic Data means facts or information converted to a form usable in a Computer System and which are stored on Electronic Data Processing Media for use by computer programs.

M. Electronic Data Processing Media means the punched cards, magnetic tapes, punched tapes or magnetic discs or other bulk media on which Electronic Data are recorded.

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N. Electronic Security means a share, participation or other interest in property of or an enterprise of the issuer

or an obligation of the issuer which:

- a. is a type commonly dealt in upon securities exchanges or markets; and
- b. is either one of a class or series or by its terms is divisible into a class or series of shares, participation's, interests or obligations; and
- c. (1) is not represented a paper certificate, or  
(2) is part of a master or global paper certificate, or  
(3) represents a paper certificate that has been surrendered by a financial institution and has been combined into a master depository note with the paper certificates being immobilized and individually shown as an electronic entry on the account of the transferor, pledgor or pledgee on the books of a Central Depository.

O. Employee means

- a. any of the Insured's officers, partners, or employees; and
  - b. any of the officers or employees of any predecessor of the Insured whose principal assets are acquired by the Insured by consolidation or merger with, or purchase of assets of capital stock of, such predecessor; and
  - c. attorneys retained by the Insured to perform legal services for the Insured and the employees of such attorneys while such attorneys or the employees of such attorneys are performing such services for the Insured; and
  - d. guest students pursuing their studies or duties in any of the Insured's offices; and
  - e. directors or trustees of the Insured, the investment advisor, underwriter (distributor), transfer agent, or shareholder accounting record-keeper, or administrator authorized by written agreement to keep financial and/or other required records, but only while performing acts coming within the scope of the usual duties of an officer or employee or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the Property of the Insured; and
  - f. any individual or individuals assigned to perform the usual duties of an employee within the premises of the Insured by contract, or by an agency furnishing temporary personnel on a contingent or part-time basis; and
  - g. each natural person, partnership or corporation authorized by written agreement with the Insured to perform services as electronic data processor of checks or other accounting records of the Insured, but excluding any such processor who acts as transfer agent or in any other agency capacity in issuing checks, drafts or securities for the Insured, unless included under sub-section (i) hereof; and
  - h. those persons so designated in Condition N. Central Handling of Securities; and
  - i. any officer, partner or Employee of
-

- a) an investment advisor,
- b) an underwriter (distributor),
- c) a transfer agent or shareholder accounting record-keeper, or
- d) an administrator authorized by written agreement to keep financial and/or other required records,

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for an Investment Company named as Insured, while performing acts coming within the scope of the usual duties of an officer or Employee of any Investment Company named as Insured herein, or while acting as a member of any committee duly elected or appointed to examine or audit or have custody of or access to the Property of any such Investment Company, provided that only Employees or partners of a transfer agent, shareholder accounting record-keeper or administrator which is an affiliated person as defined in the Investment Company Act of 1940, of an Investment Company named as Insured or is an affiliated person of the advisor, underwriter or administrator of such Investment Company, and which is not a bank, shall be included within the definition of Employee.

Each employer of temporary personnel or processors as set forth in sub-sections (f) and (g) of the definition of Employee and their partners, officers and employees shall collectively be deemed to be one person for all the purposes of this Investment Company Bond Coverage Part, excepting, however, Condition L.

Brokers, or other agents under contract or representatives of the same general character shall not be considered Employees.

P. Employee Benefit Plan means a benefit plan subject to the requirements of ERISA which is sponsored solely by the Insured for its Employees.

Q. False Pretense means the transfer of Property as the direct result of a fraudulent representation made by a person to the Insured, which must be in possession of the Property at the time of the fraudulent representation and the transfer of the Property.

R.

Fax means a facsimile communication system or similar communication system utilizing teleprocessed imagery that produces a paper copy of a document, but does not mean an Electronic Communication sent by Telex, TWX or an Electronic Communication System.

Financial Document

S. means a physical document which:

- a. is a Negotiable Instrument;
  - b. is a letter of credit;
  - c. is a written instruction directed to the Insured from, or purportedly from, a customer, Employee or
-

financial institution, of a type customarily prepared by a customer, Employee or financial institution, and upon which the Insured ordinarily acts to cause a deposit, withdrawal or transfer of funds;

d. is considered as a matter of law to be primary evidence of:

(1) the right to ownership or possession of property; or

(2) a debt owed directly or contingently;

e. creates or discharges a lien on property;

f. ordinarily has value transferred by endorsement or assignment coupled with delivery; or

g. is Money

but does not include: (1) traveler's checks; (2) data which exists in a Computer System in electronic form, and (3) bills of lading, dock warrants, dock receipts, warehouse receipts or orders for the delivery of goods including without limitation, any document which evidences or purports to evidence that the holder is entitled to receive, hold and dispose of the document and the goods it covered.

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T. Forgery means the signing on an Original Financial Document of the name of another person or organization, including a facsimile signature, without authority with intent to deceive; it does not include a signature consisting in whole or in part of one's own name, signed with or without authority, in any capacity, for any purpose.

U. Improper Personal Gain means an unlawful financial benefit obtained by:

- a. an Employee or Servicing Contractor; or
- b. persons with whom the Employee was acting in collusion, provided that the Insured establishes that the Employee intended to participate in such benefit; and
- c. an innocent third party, provided that the Insured establish that the Employee transferred funds or Property to the benefit of such third party with the knowledge that such third party was not entitled to such funds or Property, and the funds or Property are not recoverable by the Insured.

The term does not include any type of benefits earned in the course of employment, including salary, salary increases, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other emoluments, nor any benefit which any officer or director of the Insured not in collusion with the Employee was aware that the Employee was receiving.

V. Insured means the Parent Company and the Subsidiaries. Insured as used in Insuring Clause B. includes any Employee Benefit Plan.

W. Items of Deposit means one or more checks or drafts.

X. Money means a medium of exchange in current use authorized or adopted by a domestic or foreign government as part of its currency.

Y. Negotiable Instrument means any document which

- a. is signed by the maker or drawer;
- b. contains an unconditional promise or order to pay a sum certain in money and no other promise, order, obligation or power given by the maker or drawer;
- c. is payable on demand or at a definite time; and

d. is payable to order or bearer.

Z. Original Financial Document means a Financial Document which has been completed, with or without signature, by natural persons who were acting with authority in completing the document at the time it was completed.

AA. Property means Financial Documents, Electronic Data Processing Media, Electronic Data, gems, jewelry, precious metals in bars or ingots, and all other tangible items of personal property owned by the Insured, or for which the Insured is legally liable other than as lessee.

BB. Service Bureau means a person or entity authorized by written agreement to perform data processing services for others using Computer Systems.

CC. Servicing Contractor means any person or entity (other than an Employee) authorized by the Insured to act for the Insured in the capacity of:

a. servicer of real estate mortgage or home improvement loans made, held by or assigned to the Insured;  
or

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- b. manager of real property owned by or under the supervision or control of the Insured as evidenced by a written contract customarily used by the Insured for that purpose, and only while the person or entity is acting within the general scope of those duties. The partners, officers, directors and employees of a Servicing Contractor shall collectively be deemed to be one person for all purposes of this Coverage Part.

DD. Single Loss means all covered loss, including Claims Expense covered under Insuring Clause H., resulting from:

- a. any one act or series of related acts of Theft, False Pretense or attempt thereat, in which no Employee is implicated, or
- b. any one act or series of related unintentional or negligent acts or omissions on the part of any person (whether an Employee or not) resulting in damage to or destruction or misplacement of Property, or
- c. all acts or omissions other than those specified in (a) and (b) preceding, caused by any person (whether an Employee or not) or in which such person is implicated, or
- d. any one casualty or event not specified in (a), (b) or (c) preceding.

EE. Tested means:

- a. As respects Fax, Telex, TWX or other means of written communication: a method of authenticating the contents of the written communication by affixing to it a valid test key that has been exchanged between the Insured and a customer, an office of the Insured or another financial institution; and
- b. as respects voice: a call-back prior to acting on the instruction to a person authorized by written agreement with the Insured to authenticate the instruction, other than a call to the person who purportedly initiated the instruction, provided the instruction and call-back are recorded.

FF. Theft means robbery, burglary, and any other unlawful taking not accomplished by trick or false representation.

### III. EXCLUSIONS

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A. This Investment Company Bond Coverage Part does not apply to:

1. loss resulting directly or indirectly from dishonest or fraudulent acts by any Employee, except when covered under Insuring Clauses A. or B.;
2. loss resulting directly or indirectly from trading whether or not committed by an Employee and whether or not in the name of the Insured and whether or not in a genuine or fictitious account;
3. loss of trade secrets, confidential processing methods, customer lists, or other confidential or proprietary information of any kind;
4. loss to one or more of the Insureds which benefits another of the Insureds;
5. loss caused by a customer after discovery by a director or officer of the Insured of an actual or potential loss of the type covered hereunder caused by that customer;
6. a loss resulting directly or indirectly from:

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- (1) riot or civil commotion outside any country in which the Insured has an office which is permanently staffed by an Employee, or loss due to war or insurrection, except for loss of Property in transit, if when such transit was initiated, there was no knowledge of such riot, civil commotion, war or insurrection on the part of the Insured in initiating such transit;
  - (2) the effect of nuclear fission or fusion or radioactivity;
  - (3) any event with respect to which notice has been given prior to the Effective Date set forth in Item 4. of the Declarations of this Investment Company Bond Coverage Part under any policy or bond providing the same or similar coverage to that afforded under this Investment Company Bond Coverage Part;
  - (4) any event which is not discovered during the Policy Period, and not reported in the form and substance provided in Subsection 6. of the General Conditions and Limitations of this Policy;
  - (5) circumstances or occurrences known to any Executive Officer or the Company's risk manager prior to the inception of this Investment Company Bond Coverage Part;
7. loss which could have been recovered, but was not recovered, due to the failure of the Insured to pursue reasonable efforts to make recovery from persons responsible for causing it;
8. damages of any type for which the Insured is legally liable, except compensatory damages, but not multiples thereof, arising directly from a loss covered under this Investment Company Bond Coverage Part;
9. loss of use of funds or Property;
10. potential income, including but not limited to interest and dividends, not realized by the Insured;
11. the insolvency of another financial or depository institution.

B. Exclusions Applicable to Insuring Clause A. Only

- a. Insuring Clause A. does not apply to loss resulting directly or indirectly from:
-

- (1 ) acts of any Employee which are committed after any director or officer of the Insured, not in collusion with the Employee, learns of any dishonest or fraudulent act committed by the Employee, whether in the employment of the Insured or otherwise, and whether or not of the type covered under this Insuring Clause, unless the acts occurred prior to the Employee's employment with the Insured and involved a loss of less than \$10,000; or
- (2 ) any transaction which is or purports to be a loan or other extension of credit to or from the Insured, including the acquisition of false or genuine accounts, invoices, notes or agreement;

b. Insuring Clause A. does not apply to loss covered under Insuring Clause B.

C. Exclusions Applicable to Insuring Clause B. Only

Insuring Clause B. does not apply to loss resulting directly or indirectly from acts of any Employee which are committed after any director or officer of the Insured, not in collusion with the Employee, learns of any dishonest or fraudulent act committed by the Employee, whether in the employment of the Insured or otherwise, and whether or not of the type covered under this Insuring Clause, unless the acts occurred prior to the Employee's employment with the Insured and involved a loss of less than \$10,000.

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D. Exclusions Applicable to Insuring Clause C. Only

Insuring Clause C. does not apply to loss:

a. of Property while in customers' safe deposit boxes;

b. of Property surrendered away from an office or premises of the Insured as a result of a threat:

(1) to do bodily harm to any person, except loss of Property in transit in the custody of any person acting as messenger provided that when such transit was initiated there was no knowledge by the Insured of any such threat; or

(2) to do damage to the offices, premises or property of the Insured.

c. of Property lost while in the mail;

d. of Electronic Data Processing Media or Electronic Data lost in transit other than by armored motor vehicle;

e. of personal property not specifically enumerated in the definition of Property, for which the Insured is legally liable if the Insured has any other insurance, regardless of amount, under which the property is covered; and in all events after 60 days from the date the Insured became legally liable for the property; or

f. resulting directly or indirectly from:

(1) any forgery, alteration or counterfeiting;

(2) erroneous credits to a depositor's account, unless payment or withdrawal is physically received by the depositor or representative of the depositor who is within the office of the Insured at the time of the payment or withdrawal;

(3) items of deposit which are not finally paid for any reason, including but not limited to forgery or any other fraud;

(4) Electronic Communications or telephonic communications; or

(5) any transaction which is or purports to be a loan or other extension of credit to or from the Insured, including the acquisition of false or genuine accounts, invoices, notes or agreements;

E. Exclusions Applicable to Insuring Clause D. Only

Insuring Clause D. does not apply to loss resulting directly or indirectly from:

- a. any document presented as a copy;
- b. items of deposit which are not finally paid, or for which provisional credit it is otherwise properly revoked, for any reason, including but not limited to forgery or any other fraud; or
- c. a fraudulent entry of Data into, or change, modification, or destruction of data elements or programs within a Computer System operated or used by the Insured.

F. Exclusion Applicable to Insuring Clause E. Only

Insuring Clause E. does not apply to loss resulting directly or indirectly from any document presented as a copy.

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G. Exclusions Applicable to Insuring Clause F. Only

Insuring Clause F. does not apply to loss resulting directly or indirectly from:

- a. any transaction which is or purports to be a loan or other extension of credit to a Servicing Contractor, including "warehousing" of mortgage loans, whether procured in good faith or through fraud or false pretenses;
- b. the failure of any Servicing Contractor to collect or receive Money for the account of the Insured, notwithstanding any agreement between the Servicing Contractor and the Insured; or
- c. the failure to remit Money collected or received for the account of the Insured by any Servicing Contractor unless the Servicing Contractor is legally liable to the Insured for loss of the Money.

H. Exclusions Applicable to Insuring Clause G. Only

Insuring Clause G. does not apply to loss resulting directly or indirectly from:

- a. liability assumed by the Insured under any contract unless such liability would have attached to the Insured in the absence of such agreement;
- b. a threat to do bodily harm to any person, or to do damage to the premises or property of the Insured;
- c. forged, altered or fraudulent Financial Documents used as source documentation in the preparation of Electronic Data or manually keyed in a Communication Terminal;
- d. Financial Documents except as converted to Electronic Data and then only in such converted form;
- e. resulting directly or indirectly from the accessing of any confidential information, including but not limited to trade secret information, computer programs or customer information;
- f. resulting from mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, Electronic Data Processing Media failure or breakdown, any malfunction or error in programming, or errors or omissions in processing;
- g. the input of Electronic Data at an authorized terminal of an electronic funds transfer system or a customer communication system by a customer or other person who had authorized access to the customer's authentication mechanism; or
- h. fraudulent features contained in Electronic Computer Instructions developed for sale to, or that are sold to, multiple customers at the time of their acquisition from a vendor or consultant.

I. Exclusion Applicable to Insuring Clause J. Only

Insuring Clause J. does not apply to loss resulting from Uncollectible Items of Deposit which are drawn from a financial institution outside the fifty states of the United States of America, District of Columbia, and territories and possessions of the United States of America, and Canada.

IV. OTHER CONDITIONS

A. DISCOVERY

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This  
Investment  
Company  
Bond  
Coverage  
Part applies  
to loss  
discovered  
by the  
Insured  
during the  
Policy  
Period.  
Discovery  
occurs  
when any  
Executive  
Officer or  
the  
Company's  
risk  
manager  
first  
becomes  
aware of  
facts which  
would  
cause a  
reasonable  
person to  
assume that  
a loss of a  
type  
covered by  
this  
Investment  
Company  
Bond  
Coverage  
Part has  
been or will  
be incurred,  
regardless  
of when the  
acts or acts  
causing or  
contributing  
to such loss  
occurred,

even  
though the  
exact  
amount or  
details of  
loss may  
not then be  
known.

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Discovery also occurs when any Executive Officer or the Company's risk manager receives notice of an actual or potential claim in which it is alleged that the Insured is liable to a third party under circumstances which, if true, would constitute a Loss under this Investment Company Bond Coverage Part.

B. LIMIT OF LIABILITY

With respect to this Investment Company Bond Coverage Part only, and notwithstanding anything to the contrary in General Condition and Limitation No. 5 of this Policy, the payment of any loss under this Investment Company Bond Coverage Part shall not reduce the liability of



the Insurer for other losses covered under this Investment Company Bond Coverage Part. If a single aggregate Limit of Liability for all Coverage Parts is granted as provided in Item 3(A) of the Declarations of this Policy, the payment of loss under this Investment Company Bond Coverage Part shall reduce the liability of the Insurer for losses covered under any Liability Coverage Parts.

The most the Insurer will pay for loss resulting from any Single Loss is the applicable Limit of Liability shown in Item 3 of the Declarations; provided, however, that regardless of the number of years this Investment Company Bond Coverage Part remains in force or the number of premiums paid, no Limit of Liability

cumulates from  
year to year or  
period to period.

SINGLE LOSS  
COVERED BY

C. SINGLE  
INSURING  
CLAUSE

The Insurer will  
pay for loss  
resulting from a  
Single Loss  
under only a  
single Insuring  
Clause. If two or  
more  
Insuring Clauses  
of this  
Investment  
Company Bond  
Coverage Part  
apply to a Single  
Loss, the  
Insured may  
elect the  
Insuring Clause  
under which it  
will seek  
coverage. In no  
event will the  
Insurer pay  
more than the  
applicable Limit  
of Liability  
under the  
applicable  
Insuring Clause  
in respect of  
such Single  
Loss.

D. DEDUCTIBLE

The Insurer will  
not pay for loss  
resulting from a  
Single Loss  
unless the  
amount of such

loss exceeds the  
applicable  
Single Loss  
deductible  
shown in Item 2  
of the  
Declarations.  
The Insurer will  
then pay the  
amount  
in excess of  
such deductible,  
subject to the  
applicable Limit  
of Liability.

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There shall be no deductible applicable to any loss under Insuring Clause A. sustained by any Investment Company named as Insured herein.

E. NOTICE/PROOF-LEGAL PROCEEDINGS AGAINST THE INSURER

- (a) Within six (6) months after such discovery, the Insured shall furnish to the Insurer proof of loss, duly sworn to, with full particulars;
- (b) Lost Certificated Securities listed in a proof of loss shall be identified by certificate or bond numbers if such securities were issued therewith;
- (c) Legal proceedings for the recovery of any Loss hereunder shall not be brought prior to the expiration of sixty (60) days after the original proof of loss is filed with the Insurer or after the expiration of twenty-four (24) months from the discovery of such Loss;
- (d) If any limitation embodied in this Investment Company Bond Coverage Part is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to equal the minimum period of limitation provided by such law;
- (e) This Investment Company Bond Coverage Part affords coverage only in favor of the Insured. No suit, action or legal proceedings shall be brought hereunder by any one other than the named Insured.

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## F. VALUATION

### (1) Money

Any loss of Money, or loss payable in Money, shall be paid, at the option of the Insured, in the Money of the country in which the loss was sustained or in the United States of America dollar equivalent thereof determined at the rate of exchange as of 12:01 a.m. on the date of discovery of the loss.

### (2) Electronic Data Processing Media

In case of loss of, or damage to Electronic Data Processing Media used by the Insured in its business, the Insurer shall be liable only if such items are actually reproduced by other Electronic Data Processing Media of the same kind or quality and then for not more than the cost of the blank media plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such Electronic Data Processing Media, subject to the applicable Limit of Liability.

### (3) Books of Account and Other Records

In case of loss of, or damage to, any books of account or other records used by the Insured in its business, the Insurer shall be liable only if such books or record are actually reproduced and then for not more than the cost of the blank books, blank pages or other materials plus the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such books and other records.

### (4) Property other than Money, Securities, Records, or Media

In case of loss of, or damage to, any Property other than Money, securities, books of account or other records or Electronic Data Processing Media, the Insurer shall not be liable for more than the actual cash value, with proper deduction for depreciation, of such Property. The Insurer may, at its election, pay the actual cash value of, replace or repair such property. Disagreement between the Insurer and the Insured as to the cash value or as to the adequacy of repair or replacement shall be resolved by arbitration.

### (5) Electronic Data

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In case of loss of Electronic Data the Insurer shall be liable under Insuring Clause C. of this Investment Company Bond Coverage Part only if such data is actually reproduced by other Electronic Data of the same kind or quality and then for not more than the cost of labor for the actual transcription or copying of data which shall have been furnished by the Insured in order to reproduce such Electronic Data.

However, if such Electronic Data cannot be reproduced and said Electronic Data represents securities, or financial instruments having a value, then the loss will be valued as indicated in paragraph 5 of this Condition.

(6) Set-Off

Any loss covered under this Investment Company Bond Coverage Part shall be reduced by all money and property received by the Insured from any source in connection with any matter from which a loss has arisen, including payment of principal, interest, dividends, commissions and the like, whenever and however paid. Any loss covered under this Investment Company Bond Coverage Part shall be reduced by a set-off consisting of any amount owed to the Employee (or to his or her assignee) causing the loss if such loss is covered under Insuring Clause A.

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G. SECURITIES  
SETTLEMENT  
AND  
VALUATION

In the event of a loss of securities covered under Insuring Clause C. of this Investment Company Bond Coverage Part, the Insured shall, subject to the conditions stated below, first attempt to replace the lost securities by use of a letter of indemnity issued by it. In the event that it is unable to replace the lost securities by a letter of indemnity, the Insured shall, subject to the Insurer's prior consent, secure a lost instrument bond for the purpose of obtaining the issuance of duplicate securities.

It is further agreed that the Insurer will indemnify the Insured for such

sum, in excess of the applicable Deductible stated in the Declarations, not exceeding the amount of the Single Loss Limit of Liability stated in the Declarations, remaining available for the payment of any loss at the time of the execution by the Insured of a letter of indemnity or the securing of the lost instrument bond, which the Insured may be required to pay either during the Policy Period or any time thereafter by reason of any indemnifying agreement executed by the Insured or delivered by the Insured to the company issuing the lost instrument bond.

It is further agreed that the Insured shall bear the cost of obtaining such letter of indemnity or lost instrument bond for that portion of the loss which falls



within the applicable Deductible or which is in excess of the Single Loss Limit of Liability remaining available for the payment of said loss.

The Insurer shall bear the cost of obtaining such letter of indemnity or lost instrument bond for that loss which would be covered under Insuring Clause C. of this Investment Company Bond Coverage Part and which exceeds the Deductible and is within the Single Loss Limit of Liability remaining available for the payment of any loss.

In the event the Insured sustains a loss of securities covered under Insuring Clause C. of this Investment Company Bond Coverage Part but the securities

are valued at an amount in excess of the Single Loss Limit of Liability, the Insured may apply any portion of the applicable Single Loss Limit of Liability, up to an amount not to exceed 50% of that limit, to the purchase of a lost instrument bond under its own indemnity to replace some or all of those securities. In the event the Insured elects to do so, the Single Loss Limit of Liability shall be reduced by the amount used to purchase the lost instrument bond and the remainder of the Single Loss Limit of Liability shall be applied to settlement of loss.

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Any lost instrument bond purchased pursuant to this section will be purchased from the Insurer, or its affiliates, unless the Insurer and its affiliates decline to issue it.

Under this Insuring Clause only, loss includes the value of subscription, conversion, redemption or deposit privileges for Financial Documents unless they are lost while in the mail or with a carrier for hire other than an

armored motor vehicle company for the purpose of transportation. The privileges shall be valued as of the date immediately preceding the expiration thereof, as determined by arbitration or agreement.

The Insurer is not required to issue its indemnity for any portion of a loss of securities which is not covered by this Investment Company Bond Coverage Part.

#### H. ASSIGNMENT - SUBROGATION - RECOVERY – COOPERATION

(1) In the event of payment under this Investment Company Bond Coverage Part, the Insured shall deliver, if so requested by the Insurer, an assignment of such of the Insured's rights, title and interest and causes of action as it has against any person or entity to the extent of the loss payment.

(2) In the event of payment under this Investment Company Bond Coverage Part, the Insurer shall be subrogated to all of the Insured's rights of recovery therefor against any person or entity to the extent of such payment.

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- (3) Recoveries, whether effected by the Insurer or by the Insured, shall be applied net of the expense of such recovery first to the satisfaction of the Insured's loss which would otherwise have been paid but for the fact that it is in excess of either the Single Loss Limit of Liability, secondly, to the Insurer as reimbursement of amounts paid in settlement of the Insured's claim, and thirdly, to the Insured in satisfaction of any Deductible Amount. Recovery on account of loss of securities as set forth in Subsection E. of the Conditions of this Investment Company Bond Coverage Part or recovery from reinsurance or indemnity of the Insurer shall not be deemed a recovery as used herein.
- (4) Upon the Insurer's request and at reasonable times and places designated by the Insurer the Insured shall:
- (a) submit to examination by the Insurer and subscribe to the same under oath; and
  - (b) produce for the Insurer's examination all pertinent records; and
  - (c) cooperate with the Insurer in all matters pertaining to the loss.
- (5) The Insured shall execute all papers and render assistance to secure the Insurer the rights and causes of action provided for herein. The Insured shall do nothing after discovery of loss to prejudice such rights or causes of action.

#### I. OWNERSHIP

This Investment Company Bond Coverage Part shall apply to loss of Property or Electronic Data Processing Media and Electronic Data (1) owned by the Insured, (2) held by the Insured in any capacity, or (3) for which the Insured is legally liable.

#### J. TERMINATION OF THIS Investment Company Bond Coverage Part

In addition to any termination pursuant to Subsection 12. of the General Conditions and Limitations of this Policy, this Investment Company Bond Coverage Part shall also terminate in its entirety:

- (1) upon the voluntary liquidation or dissolution of the Parent Company;

(2) upon the appointment of (1) a receiver, trustee or other fiduciary of the property of the Parent Company,  
or (2) a committee for the dissolution thereof; or

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(3 ) as to any Insured other than the Parent Company upon the appointment of (1) a receiver, trustee or other or fiduciary of the property of said Insured or (2) a committee for the dissolution thereof.

K. ACTION AGAINST  
SERVICING  
CONTRACTOR, SERVICE  
BUREAU OR CUSTOMER

This Investment Company Bond Coverage Part does not afford coverage in favor of any Servicing Contractor, Service Bureau or customers of aforesaid, and upon payment to the Insured by the Insurer on account of any loss through fraudulent or dishonest acts committed by any of the partners, directors, officers or employees of such Servicing Contractor, Service Bureau or customers whether acting alone or in collusion with others, an assignment of such of the Insured's rights and causes of action as they may have against such Servicing Contractor, Service Bureau, or customers by reason of such acts so committed shall, to the extent of such payment, but given by the Insured to the Insurer, and the Insured shall execute all papers necessary to

secure to the Insurer, the  
rights provided herein.

L. TERMINATION OR  
CANCELLATION AS TO  
ANY EMPLOYEE,  
SERVICING  
CONTRACTOR OR  
SERVICE  
BUREAU

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This Investment Company Bond Coverage Part terminates as to any Employee or Servicing Contractor as soon as any Executive Officer or the Company's risk manager learns of any dishonest or fraudulent act committed by such person at any time, whether in the employment of the Insured or otherwise, whether or not of the type covered under the Insuring Clauses A. or B., against the Insured or any other person or entity, without prejudice to the Loss of any Property then in transit in the custody of such person. Termination of coverage as to any Insured terminates liability for any Loss sustained by such Insured which is discovered after the effective date of such termination.

This Investment Company Bond Coverage Part terminates as to any Service Bureau as soon as any Executive Officer or the Company's risk manager, shall learn of any dishonest or fraudulent act committed by any partner, director, officer or employee of any such Service Bureau at any time against the Insured or any other person or entity, without prejudice to the Loss of any Property then in transit in the custody of such person.

#### M. ERISA WARRANTY

The Insurer warrants that the coverage afforded by this Investment Company Bond Coverage Part will be equal to that required of the Insured by regulations properly promulgated under the ERISA with respect to losses caused by fraudulent or dishonest acts of Employees and sustained by Employment Benefit Plans.

#### N. CENTRAL HANDLING OF SECURITIES

Securities included in the systems for the central handling of securities established and maintained by Depository Trust Company, Midwest Depository Trust Company, Pacific Securities Depository Trust Company, and Philadelphia Depository Trust Company, hereinafter called Corporations, to the extent of the Insured's interest therein as effective by the making of appropriate entries on the books and records of such Corporations shall be deemed to be Property.

The words "Employee" and "Employees" shall be deemed to include the officers, partners, clerks and other employees of the New York Stock Exchange, Boston Stock Exchange, Midwest Stock Exchange, Pacific Stock Exchange and Philadelphia Stock Exchange, hereinafter called Exchanges, and of the above named

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Corporations, and of any nominee in whose name is registered any security included within the systems for the central handling of securities established and maintained by such Corporations, and any employee of any recognized service company, while such officers, partners, clerks and other employees and employees of service companies perform services for such Corporations in the operation of such systems. For the purpose of the above definition, a recognized service company shall be any company providing clerks or other personnel to said Exchanges or Corporations on a contract basis.

The Insurer shall not be liable on account of any loss (es) in connection with the central handling of securities within the systems established and maintained by such Corporations, unless such loss (es) shall be in excess of the amount(s) recoverable or recovered under any bond or policy of insurance indemnifying such Corporations, against such loss (es), and then the Insurer shall be liable hereunder only for the Insured's share of such excess loss (es), but in no event for more than the Limit of Liability applicable hereunder.

For the purpose of determining the Insured's share of excess loss (es) it shall be deemed that the Insured has an interest in any certificate representing any security included within such systems equivalent to the interest that the Insured then has in all certificates representing the same security included within such systems and that such Corporations shall use their best judgment in apportioning the amount(s) recoverable and recovered under any bond or policy of insurance indemnifying such Corporations against such loss(es) in connection with the central handling of securities within such systems among all those having an interest as recorded by appropriate entries in the books and records of such Corporations in Property involved in such loss(es) on the basis that each such interest shall share in the amount(s) so recoverable or recovered in the ratio that the value of each such interest bears to the total value of all such interests and that the Insured's share of such excess loss(es) shall be the amount of the Insured's interest in such Property in excess of the amount(s) so apportioned to the Insured by such Corporations.

MPAB 001 (12/99)

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This Investment Company Bond Coverage Part does not afford coverage in favor of such Corporations or Exchanges or any nominee in whose name is registered any security included within the systems for the central handling of securities established and maintained by such Corporations, and upon payment to the Insured by the Underwriter on account of any loss (es) within the systems, an assignment of such of the Insured's rights and causes of action as it may have against such Corporations or Exchanges shall to the extent of such payment, be given by the Insured to the Insurer, and the Insured shall execute all papers necessary to secure to the Insurer the rights provided for herein.

MPAB 001 (12/99)

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SIGNATURES

Named Insured	Endorsement Number
180 Degree Capital Corp	1
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

THE ONLY COMPANY APPLICABLE TO THIS POLICY IS THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA (A stock company)  
BANKERS STANDARD INSURANCE COMPANY (A stock company)  
ACE AMERICAN INSURANCE COMPANY (A stock company)  
ACE PROPERTY AND CASUALTY INSURANCE COMPANY (A stock company)  
INSURANCE COMPANY OF NORTH AMERICA (A stock company)  
PACIFIC EMPLOYERS INSURANCE COMPANY (A stock company)  
ACE FIRE UNDERWRITERS INSURANCE COMPANY (A stock company)  
WESTCHESTER FIRE INSURANCE COMPANY (A stock company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703

REBECCA L. COLLINS, Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	2
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

NEW YORK AMENDATORY  
(INSURANCE LAW SEC. 3420 REQUIREMENTS)

It is agreed that the General Conditions and Limitations are amended as follows:

1. Subsection 6, Notice, is amended by adding the following:

Notice given by or on behalf of the Insured, or written notice by or on behalf of an injured person or any other claimant, to any licensed agent of the Insurer in the State of New York, with particulars sufficient to identify the Insured, shall be deemed notice to the Insurer.

Failure to give any notice required to be given by this subsection within the time prescribed herein shall not invalidate any Claim made by the Insured, an injured person or any other claimant if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible thereafter.

Except as provided in the immediate paragraph above, failure to give any notice required to be given by this subsection within the time prescribed herein shall not invalidate any Claim made by the Insured, injured person or any other claimant, unless the failure to provide timely notice has prejudiced the Insurer. However, notice of such Claim must be first made during the Policy Period, any renewal thereof, or any Discovery Period.

2. The following subsection is added:

· LEGAL ACTION AGAINST  
US

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No  
person  
or  
organization  
has a  
right  
under  
this  
Policy:

a. To join the  
Insurer as a  
party or  
otherwise bring  
the Insurer into  
a suit asking for  
damages from  
an Insured; or

b. To sue the  
Insurer under  
this Policy  
unless all of its  
terms have been  
fully complied  
with.

A person or  
organization  
may sue the  
Insurer to  
recover on an  
agreed  
settlement or on  
a final judgment  
against  
an Insured; but  
the Insurer will  
not be liable for  
damages that  
are not payable  
under the terms  
of this Policy or  
that  
are in excess of  
the applicable  
limit of  
insurance. An  
agreed

settlement  
means a  
settlement and  
release of  
liability signed  
by the Insurer,  
the Insured and  
the claimant or  
the claimant's  
legal  
representative.

Notwithstanding  
anything in this  
subsection to  
the contrary, in  
the event a  
judgment  
against an  
Insured or such  
Insured's  
personal  
representative in  
an action  
brought to  
recover  
damages for  
injury sustained  
or loss or  
damage  
occasioned  
during the life  
of the Policy  
shall remain  
unsatisfied at  
the expiration of  
thirty (30) days  
from the  
servicing of  
notice of entry  
of judgment  
upon the  
attorney for the  
Insured, or upon  
the Insured, and  
upon the  
Insurer, then an  
action may,  
except during a  
stay or limited  
stay of

execution  
against the  
Insured on such  
judgment, be  
maintained  
against the  
Insurer under  
the terms of the  
Policy for the  
amount of such  
judgment not  
exceeding  
the  
amount  
of the  
applicable  
limit of  
coverage  
under  
the  
Policy.

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With respect to an otherwise covered Claim arising out of death or personal injury of any natural person, if the Insurer disclaims liability or denies coverage based upon the failure to provide timely notice, then the injured person or other claimant may maintain an action directly against the Insurer, in which the sole question is the Insurer's disclaimer or denial based on the failure to provide timely notice, unless within sixty (60) days following such disclaimer or denial, the Insured or the Insurer: (a) initiates an action to declare the rights of the parties under this Policy; and (b) names the injured person or other claimant as a party to the action.

All other terms and conditions of this Policy remain unchanged.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	3
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

NEW YORK CHANGES - TRANSFER OF DUTIES  
WHEN A LIMIT OF INSURANCE IS USED UP

This endorsement is added to the policy and supercedes any provision to the contrary:

The following Condition is added to General Conditions and Limitations, paragraph 5. Limit of Liability and Retention.

Transfer of Duties When a Limit of Insurance is Used up.

a. If we conclude that, based on occurrences, offenses, claims or suits which have been reported to us and to which this insurance may apply, the:

- (1) Aggregate Limit; or
- (2) Each Separate Limit,

is likely to be used up in the payment of judgments or settlements, we will notify the first Named Insured, in writing, to that effect.

b. When a limit of insurance described in paragraph a. above has actually been used up in the payment of judgments or settlements:

- (1) We will notify the first Named Insured, in writing, as soon as practicable, that:

- (a) Such a limit has actually been used up; and
- (b) Our duty to defend suits seeking damages subject to that limit has also ended.

(2) We will initiate, and cooperate in, the transfer of control, to any appropriate insured, of all claims and suits seeking damages which are subject to that limit and which are reported to us before that limit is used up. That

insured must cooperate in the transfer of control of said claims and suits.

We agree to take such steps, as we deem appropriate, to avoid a default in, or continue the defense of, such suits

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until such transfer is completed, provided the appropriate insured is cooperating in completing such transfer. We will take no action whatsoever with respect to any claim or suit seeking damages that would have been subject to that limit, had it not been used up, if the claim or suit is reported to us after that limit of insurance has been used up.

(3) The first Named Insured, and any other insured involved in a suit seeking damages subject to that limit, must arrange for the defense of such suit within such time period as agreed to between the appropriate

insured and  
us. Absent  
any such  
agreement,  
arrangements  
for the  
defense of  
such suit must  
be made as  
soon as  
practicable.

(c) The first  
Named  
Insured will  
reimburse us  
for expenses  
we incur in  
taking those  
steps we  
deem  
appropriate in  
accordance  
with  
paragraph  
b.(2)  
above.

MPLL001-NY (10-91)

Page 1 of 2

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The duty of the first named Insured to reimburse us will begin on:

- (1 ) The date on which the applicable limit of insurance is used up, if we sent notice in accordance with paragraph a. above; or
- (2 ) The date on which we sent notice in accordance with paragraph b.(1) above, if we did not send notice in accordance with paragraph a. above.
- (d) The exhaustion of any limit of insurance by the payments of judgments or settlements, and the resulting end of our duty to defend, will not be affected by our failure to comply with any of the provisions of this Condition.

Authorized Agent  
MPLL001-NY (10-91)  
Page 2 of 2

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	4
Policy Symbol	Effective Date of Endorsement
DONG24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

NEW YORK - NONRENEWAL

A. The following Conditions are added:

1. NONRENEWAL

If we decide not to renew this policy we will send notice as provided in paragraph A.3. below.

2. CONDITIONAL RENEWAL

If we conditionally renew this policy subject to a:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in paragraph A.3. below

3. NOTICES OF NONRENEWAL AND CONDITIONAL RENEWAL

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in paragraphs A.1. and A.2. above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
  - (1) The expiration date;

or

(2) The anniversary date if this is a continuous policy.

- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
  - c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
  - d. If we violate any of the provisions of paragraphs A.3.a., b. or c. above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
-



(1) Coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60 day period, has replaced the coverage or elects to cancel.

(2) On or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.

e. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.

Authorized Agent

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured		Endorsement Number	
180 Degree Capital Corp		5	
Policy Symbol	Policy Period	Effective Date of Endorsement	
DON G24581378 009	12/11/2018 to 12/11/2019	12/11/2018	
Issued By (Name of Insurance Company)	ACE American Insurance Company		

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

MANAGEMENT PROTECTION POLICY

It is agreed:

1. Except as otherwise provided in Subsection 6, Notice, and the first paragraph of Subsection 5, Limit of Liability and Retention, of the General Conditions and Limitations, a Prior Covered Claim under any Liability Coverage Part shall be deemed "first made" for purposes of this Policy when the Insurer first receives written notice of such Claim from an Insured or a third party. Accordingly, subject to the other terms and conditions of this Policy (including this Endorsement), this Policy shall apply to Claims for which notice is first received by the Insurer during the Policy Period or any applicable Discovery Period even if such Claim was filed against, sent or delivered to, or received by, the Insureds prior to the Policy Period.
2. For purposes of this Endorsement, a Prior Covered Claim means any Claim:

- a. filed against, sent or delivered to, or received by, the Insureds prior to the Policy Period;
  - b. notice of which was first received by the Insurer during the Policy Period or any applicable Discovery Period; and
  - c. which would have been covered in whole or in part under a valid and collectible Management Protection Insurance Policy issued to the Parent Company by the Insurer or its affiliate for the period in which such Claim
-

was first  
filed  
against,  
sent or  
delivered  
to, or  
received  
by, the  
Insureds  
("Prior  
Policy").

Coverage  
afforded  
under this  
Policy for  
any Prior  
3. Covered  
Claim shall  
be no  
broader than  
the coverage  
which would  
have been  
afforded  
under the  
Prior Policy  
if written  
notice of  
such Claim  
had been  
received by  
the Insurer or  
its  
affiliate  
during  
the policy  
period of  
the Prior  
Policy.

The  
foregoing  
sentence  
may result in  
(but not be  
limited to):  
(a) reducing  
the limit of

liability  
available  
under this  
Policy for  
such Claim  
to the  
remaining  
available  
limit of  
liability  
applicable to  
the Prior  
Policy, (b)  
increasing  
the  
applicable  
Retention  
amount to  
that  
Retention  
amount  
applicable to  
the Prior  
Policy, or (c)  
reducing or  
eliminating  
coverage  
due to  
exclusions  
or other  
restrictions  
in the  
Prior  
Policy  
but not in  
this  
Policy.

No coverage  
shall be  
afforded  
under this  
Policy for a

4. Prior

Covered  
Claim if (i)  
there was no  
Prior Policy  
in effect at  
the time such  
Claim was

first filed  
against, sent  
or delivered  
to, or  
received by  
the Insureds,  
or (ii) the  
Prior Policy  
affords  
coverage for  
such Claim  
or would  
afford  
coverage for  
such Claim  
but for the  
exhaustion  
of the Limit  
of Liability  
under  
the  
Prior  
Policy.

The Insurer's  
maximum  
liability  
under this  
Policy for  
any Prior  
5. Covered  
Claim shall  
be part of  
and not in  
addition to  
the  
Limit of  
Liability set  
forth in Item  
3 of the  
Declarations  
for this  
Policy  
otherwise  
applicable to  
such Claim.





6. If the Insureds are entitled to but fail or refuse to elect a Discovery Period as provided in Subsection 4 of the General

Conditions and Limitations, then any Insured Person may elect the Discovery Period just for such Insured Person by giving written notice of such election, together with payment of the additional premium due, to the Insurer within 120 days following the effective date of the Policy's termination or non-renewal. The premium due for such Insured Person's Discovery Period with respect to any Liability Coverage Part shall equal that percent set forth in Item 5(A) of the Declarations for such Liability Coverage Part of the Annual Premium allocable to such Insured Person. Any coverage afforded under this Policy for such Insured Person during such Discovery Period shall be no broader than the coverage which would be applicable to such Insured Person under this Policy if all Insureds elected the Discovery Period.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Authorized Agent  
MP-4Z66 (5/2000)  
Page 2 of 2

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	6
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

#### SEC CANCELLATION

It is agreed that Section 12, Termination of Policy, is amended to add the following:

· In the event of any modification or cancellation of the attached policy, the Insurer will mark its record to indicate that the Securities Exchange Commission (“SEC”) and the Parent Company shall be notified in writing 60 days prior to such modification or cancellation of the attached policy.

All other terms and conditions of the policy remain unchanged.

Authorized Representative  
MPP/ICBB (4/10)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	7
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

AMEND DEDUCTIBLE

In consideration of the premium charged, it is hereby understood and agreed that Item 2 of the Declarations, is amended to add the following:

No deductible shall apply to any loss under Insuring Agreement A sustained by any Investment Company named as Insureds herein.

All Other Terms, Conditions And Exclusions Of The Bond Remain Unchanged

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Named Insured	Endorsement Number		
180 Degree Capital Corp	8		
Policy Symbol	Policy Number	Policy Period	Effective Date of Endorsement
DON	G24581378	009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)			
ACE American Insurance Company			

SOCIAL ENGINEERING FRAUD  
ENDORSEMENT

It is agreed that this Bond is amended as follows:

(1) )By adding the following Insuring Clause:

Social  
Engineering Fraud

Loss resulting directly from the Insured having, transferred, paid or delivered Money or securities as the direct result of a Social Engineering Fraud Instruction.

(2) ) Solely with respect to the coverage afforded by this endorsement, the following terms shall have the following meanings:

Social Engineering Fraud Instruction means any instruction which intentionally misleads an Employee, through misrepresentation of a material fact which is relied upon by an Employee, believing it to be genuine, for the purpose of directing or transferring the Insured's Money or securities that were communicated by a natural person purporting to be:

- a. a director, officer, partner, member or sole proprietor of the Insured or other Employee who is authorized by the Insured to instruct another Employee to transfer funds, or an individual acting in collusion with such person purporting to be a director, officer, partner, member or sole proprietor or other Employee who is authorized by the Insured to instruct another

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Employee to transfer funds; or  
an employee of a Vendor who is authorized by the Insured to instruct an  
b. Employee to transfer  
funds or change bank account information of a Vendor; provided,  
however, Social  
Engineering Fraud Instruction shall not include any such instruction  
transmitted by an  
employee of a Vendor who was acting in collusion with any third party in  
submitting such  
instruction,

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but which instructions were not actually made by such director, officer, partner, member or sole proprietor, Employee, or employee of a Vendor.

Vendor means any entity or natural person that has provided goods or services to the Insured under a legitimate pre-existing arrangement or written agreement. However, Vendor does not include any customer, automated clearing house, custodian, financial institution, administrator, counter party or any similar entity.

(3) Solely with respect to the coverage afforded by this endorsement:

- A. This bond does not directly or indirectly cover loss

occurring  
prior to  
03/14/2017

B. This bond  
does not  
directly or  
indirectly  
cover loss  
due to any  
investment  
in securities,  
or  
ownership in  
any  
corporation,  
partnership,  
real  
property,  
commodity  
or similar  
instrument,  
whether  
or  
not  
such  
investment  
is  
genuine.

MS-55777 (03/17)

Page 1 of 2

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- (4) The total liability of the Insurer under the Social Engineering Fraud insuring clause shall be \$100,000 for any Single Loss, subject to a Policy Period Aggregate Limit of Liability of \$100,000
- (5) A Single Loss Deductible of \$25,000 shall apply with respect to coverage afforded under the Social Engineering Fraud Insuring Clause.

All other terms and conditions of this Policy remain unchanged.

MS-55777 (03/17)  
Page 2 of 2

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Named Insured	Endorsement Number
180 Degree Capital Corp	9
Policy Symbol Policy Number Policy Period	Effective Date of Endorsement
DON G24581378 009 12/11/2018 to 12/11/2019	12/11/2018
Issued By (Name of Insurance Company)	
ACE American Insurance Company	

TRADE OR ECONOMIC SANCTIONS ENDORSEMENT

This insurance does not apply to the extent that trade or economic sanctions or similar laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of policy remain unchanged.

All other terms and conditions of the policy remain unchanged.

Authorized Representative  
PF-46422 (07/15)  
Page 1 of 1

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U.S. Treasury Department's Office

Of Foreign Assets Control ("OFAC")

Advisory Notice to Policyholders

This Policyholder Notice shall not be construed as part of your policy and no coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- 1 Foreign agents;
- 1 Front organizations;
- 1 Terrorists;
- 1 Terrorist organizations; and
- 1 Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U. S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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Chubb Producer Compensation  
Practices & Policies

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.aceproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

ALL-20887a (03/16)

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180 DEGREE CAPITAL CORP.

Unanimous Written Consent  
by the Directors of the Board

December 10, 2018

Pursuant to Section 708 (b) of the New York Business Corporation Law (the "NYBCL"), the undersigned, the members of the Board of Directors of 180 Degree Capital Corp. (the "Company"), hereby adopt and consent to the adoption of the following resolutions and agree that said resolutions shall have the same force and effect as if adopted at a meeting of the Board of Directors duly called and held for such purpose.

Fidelity Bond

WHEREAS, Section 17(g) of the Investment Company Act of 1940 (the "1940 Act"), and Rule 17g-1(a) thereunder, requires a registered closed-end management investment company ("CEF"), such as the Company, to provide and maintain a bond which shall be issued by a reputable fidelity insurance company, authorized to do business in the place where the bond is issued, to protect the Company against larceny and embezzlement, covering each officer and employee of the CEF who may singly, or jointly with others, have access to the securities or funds of the CEF, either directly or through authority to draw upon such funds of, or to direct generally, the disposition of such securities, unless the officer or employee has such access solely through his position as an officer or employee of a bank (each, a "covered person");

WHEREAS, Rule 17g-1 specifies that the bond may be in the form of (i) an individual bond for each covered person, or a schedule or blanket bond covering such persons, (ii) a blanket bond which names the Company as the only insured (a "single insured bond"), or (iii) a bond which names the Company and one or more other parties as insureds (a "joint insured bond"), as permitted by Rule 17g-1;

WHEREAS, the Rule requires that a majority of directors who are not "interested persons" of the CEF approve periodically (but not less than once every 12 months) the reasonableness of the form and amount of the bond, with due consideration to the value of the aggregate assets of the Company to which any covered person may have access, the type and terms of the arrangements made for the custody and safekeeping of such assets, and the nature of securities and other investments to be held by the Company; and

WHEREAS, under the Rule, the Company is required to make certain filings with the SEC and give certain notices to each member of the Board of Directors in connection with the bond as specified in the accompanying memorandum attached hereto, and designate an officer who shall make such filings and give such notices.

NOW, THEREFORE, BE IT RESOLVED, that having considered the expected aggregate value of the securities and funds of the Company to which officers or employees of the Company may have access (either directly or through authority to draw upon such funds or to direct generally the disposition of such securities), the type and terms of the arrangements made for the custody of such securities and funds, the nature of securities and other investments to be held by the Company, the accounting procedures and controls of the Company, the nature and method of conducting the operations of the Company, and the requirements of Section 17(g) of the 1940 Act and Rule 17g-1 thereunder, it is determined that an extension of the bond approved in 2017 in the amount, type, form, premium and coverage of the bond, a copy of which is attached here to as Exhibit A, covering the officers and employees of the Company and insuring the Company against loss from fraudulent or dishonest acts, including larceny and embezzlement, issued by ACE American Insurance Company in the amount of \$6,000,000 and a premium of \$16,250, (the "Fidelity Bond") are hereby approved;

FURTHER RESOLVED, that the officers of the Company be, and they hereby are, authorized to take all appropriate actions, with the advice of legal counsel to the Company, to provide and maintain the Fidelity Bond on behalf of the Company; and

FURTHER RESOLVED, that the Secretary of the Company is hereby designated and directed to:

(1) File with the SEC within 10 days after receipt of the executed Fidelity Bond, or any amendment thereof:

(i) a copy of the Fidelity Bond;

(ii) a copy of each resolution of the Board of Directors, including a majority of the directors who are not "interested persons" of the Company, approving the amount, type, form and coverage of the Fidelity Bond and the premium to be paid by the Company;

(iii) a statement as to the period for which premiums have been paid; and

(iv) a copy of any amendment to such agreement within 10 days after the execution of such amendment.

(2) File with the SEC, in writing, within five days after the making of a claim under the Fidelity Bond by the Company, a statement of the nature and amount thereof;

(3) File with the SEC, within five days after the receipt thereof, a copy of the terms of the settlement of any claim under the Fidelity Bond by the Company; and

(4) Notify by registered mail each member of the Board of Directors at his or her last known residence address of:

(i) any cancellation, termination or modification of the Fidelity Bond, not less than 45 days prior to the effective date of the cancellation, termination or modification;

(ii) the filing and the settlement of any claim under the Fidelity Bond by the Company, at the time the filings required by (2) and (3) above are made with the SEC; and

(iii) the filing and proposed terms of settlement of any claim under the Fidelity Bond by any other named insured, within five days of the receipt of a notice from the issuer of the Fidelity Bond.

These actions are taken this 10th day of December, 2018.

This Unanimous Written Consent may be signed in two or more counterparts, which together shall constitute a single written consent.

/s/ Kevin M. Rendino                      /s/ Stacy R. Brandom  
Kevin M. Rendino (Chairman)      Stacy R. Brandom

/s/ Richard P. Shanley                      /s/ Charles E. Ramsey  
Richard P. Shanley                      Charles E. Ramsey

/s/ Parker A. Weil                              /s/ Daniel B. Wolfe

Parker A. Weil

Daniel B. Wolfe